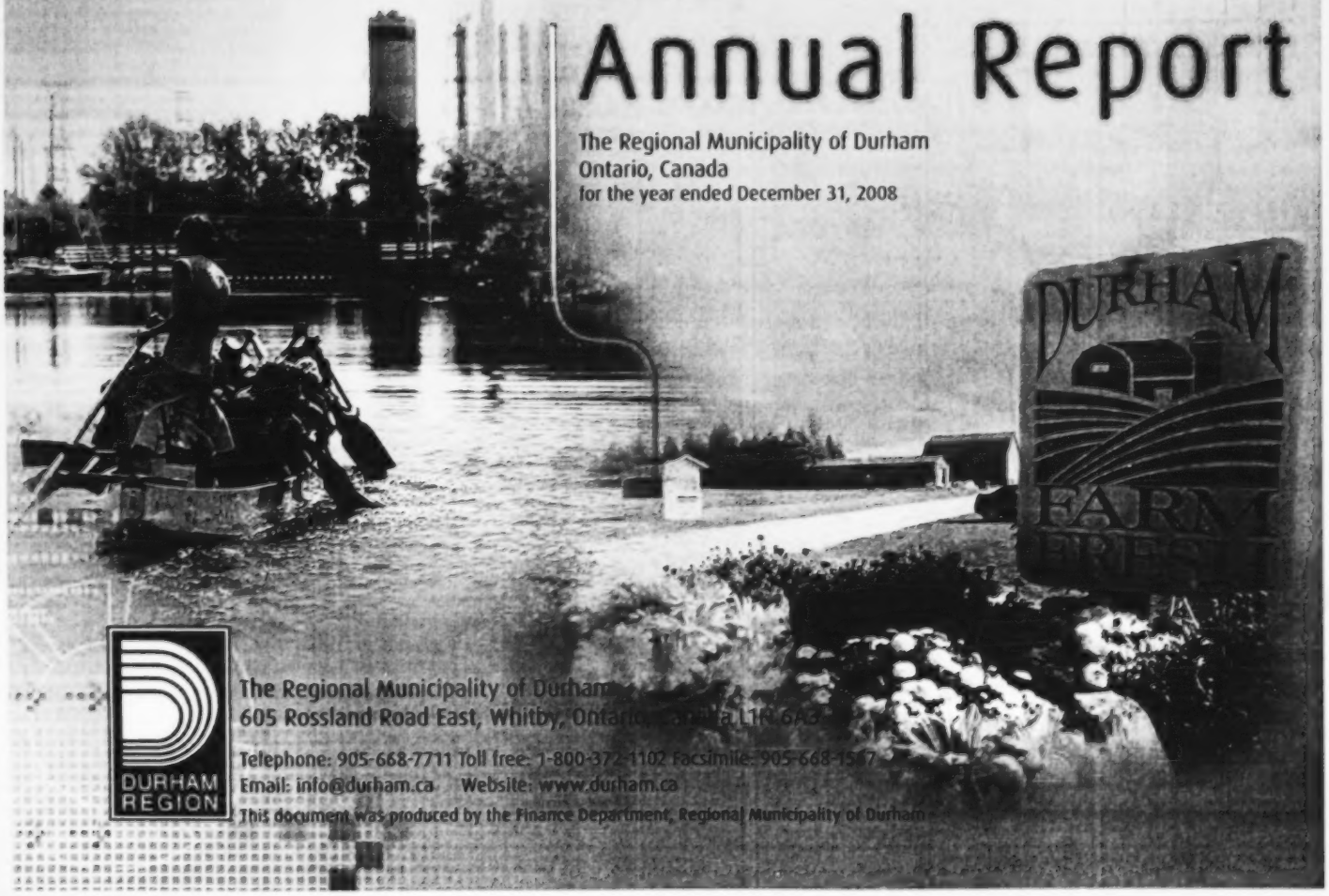
2008 Annual Report

The Regional Municipality of Durham
Ontario, Canada
for the year ended December 31, 2008

DURHAM REGION

2008 Annual Report

The Regional Municipality of Durham
Ontario, Canada
for the year ended December 31, 2008



The Regional Municipality of Durham
605 Rossland Road East, Whitby, Ontario, Canada L1N 6A3

Telephone: 905-668-7711 Toll free: 1-800-372-1102 Facsimile: 905-668-1567
Email: info@durham.ca Website: www.durham.ca

This document was produced by the Finance Department, Regional Municipality of Durham

Table of Contents

Introductory Information

Welcome to Durham Region	4
Message from the Regional Chair and CEO	6
Message from the Chief Administrative Officer	7
Durham Region Council Membership 2006-2010	8
Durham Regional Council	10
Government Structure: Durham Region and the Local Area Municipalities	12
2008 Standing Committee Highlights	14
Growing Together: Durham Region Strategic Plan 2009-2014	16
Our Communities: United, Vibrant and Diverse	18
Durham Region: Performance Measurement	22
Commissioner of Finance and Treasurer's Report:	
Financial Results	24
Economic Indicators	28
Financial Management	30

Financial Review

Consolidated Financial Statements

Auditors' Report	38
Consolidated Statement of Financial Position	39
Consolidated Statement of Financial Activities and Fund Balances	40
Consolidated Statement of Changes in Financial Position	41
Notes to the Consolidated Financial Statements	42
Consolidated Schedule of Operating Fund Financial Activities and Fund Balance	55
Consolidated Schedule of Capital Fund Financial Activities and Fund Balance	56
Consolidated Schedule of Reserves and Reserve Funds Financial Activities and Fund Balance	57
Consolidated Schedule of Continuity of Reserve Funds	58
Consolidated Schedule of Deferred Revenue	59
Consolidated Schedule of Segment Disclosure	60

Trust Funds: Financial Statements

Auditors' Report	62
Trust Funds: Statement of Financial Position	63
Trust Funds: Statement of Financial Activities and Fund Balances	63
Notes to the Trust Funds Financial Statements	64

Statistical Review

Statistical Review (2004-2008)	65

Our Mission

Meeting the needs of the
Durham community through leadership,
co-operation and service excellence.

Welcome to Durham Region

The Region of Durham is situated in the highly developed economic centre of Ontario, known as the Golden Horseshoe, immediately east of the City of Toronto within the Greater Toronto Area (GTA). The Region lies along a continuous urbanized lakeshore and shares prime access to the Great Lakes and northeastern markets of the continent, encompassing an estimated 120 million people. Durham Region is comprised of the Cities of Oshawa and Pickering; the Towns of Ajax and Whitby; the Municipality of Clarington; and the Townships of Brock, Scugog and Uxbridge. Characterized by a series of major lakeshore urban communities and a variety of small towns, hamlets and villages, Durham has a diverse economic base and balanced representation in key sector areas, including advanced manufacturing, agri-business, tourism and energy.

Key Economic Sectors

- Automotive
- Energy and Utility
- Advanced Manufacturing
- Agri-Business
- Transportation
- Education and Health
- Tourism
- Film

As 'Ontario's Energy Capital' Durham Region currently produces 30% of Ontario's energy generation requirements with significant new generating capacity anticipated. The full spectrum of the energy cycle is represented. Durham is home to companies producing and distributing power, developing new and renewable energy technologies, alternative fuels, manufacturing components and systems, and providing service support to the industry.

Durham's advantages include a skilled labour force, developed transmission capacity and infrastructure, research and development opportunities, and training and educational facilities like Durham College and the University of Ontario Institute of Technology (UOIT). These support Durham Region as a major energy cluster in North America.

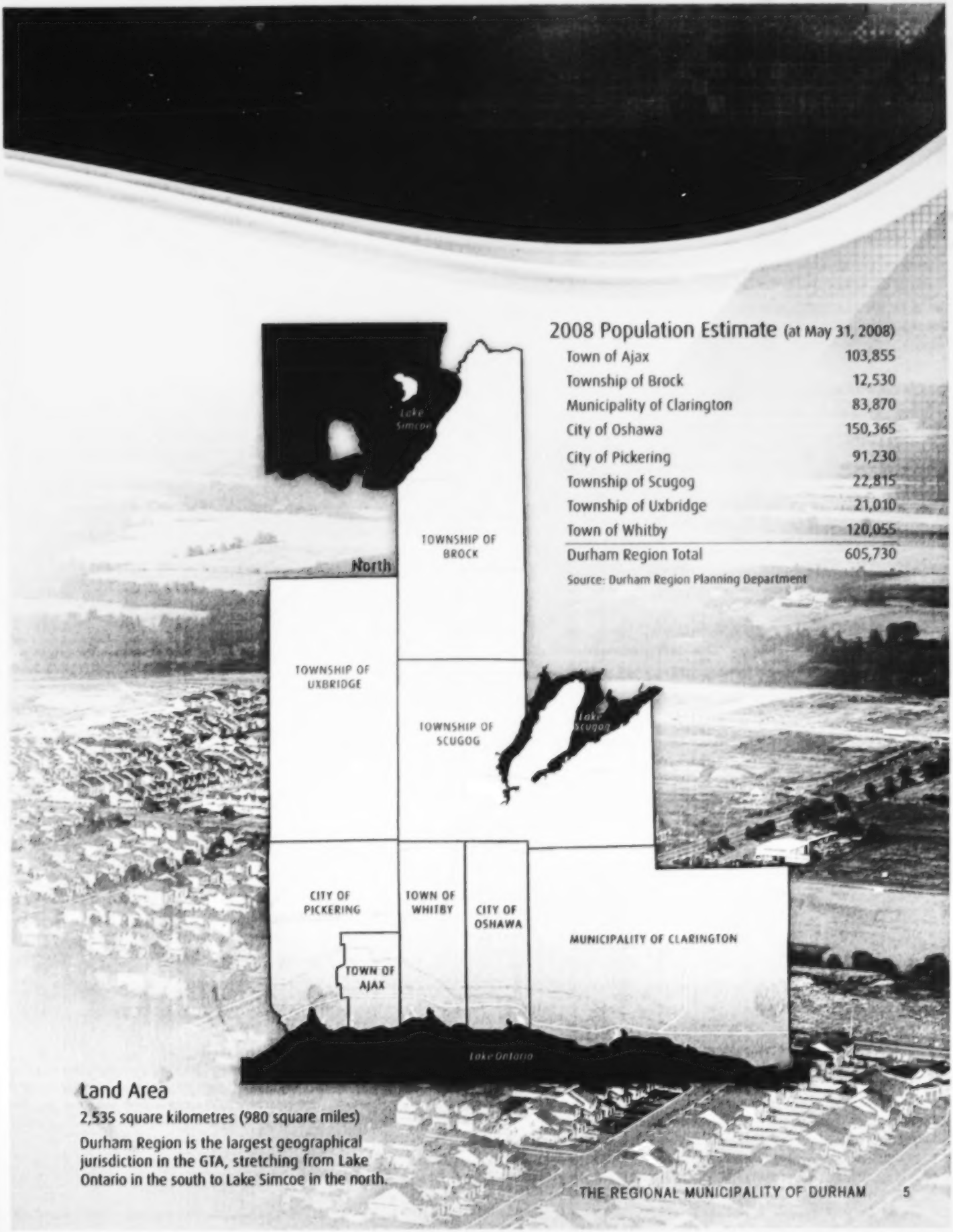
Durham Region is an ideal location for industrial and commercial innovation. Local companies are conducting research in alternative energy technologies, internet security, robotics and vehicle design. UOIT partners with businesses to advance industry-driven technology developments and is the host to Centres of Excellence in both automotive and plastics.

A myriad of companies are advancing technologies used in manufacturing, including expertise in materials development, product handling, robotics, engineered assembly systems and bio-tech research.

Durham Region has become an 'emerging power' in the GTA, supported by high quality municipal services and excellent transportation networks, public utilities, and social, educational and health infrastructures.

A significant economic factor has been the dramatic increase in residential development. With one of the fastest growing populations in Canada, Durham's population is forecast to reach 960,000 by 2031 from 605,730 as of May 31, 2008.

Durham Region offers balanced growth and livable communities, with thriving downtowns, unique attractions for residents and visitors, vital services, and a sustained urban-rural mix. A business-friendly environment is combined with a high quality of life.



2008 Population Estimate (at May 31, 2008)

Town of Ajax	103,855
Township of Brock	12,530
Municipality of Clarington	83,870
City of Oshawa	150,365
City of Pickering	91,230
Township of Scugog	22,815
Township of Uxbridge	21,010
Town of Whitby	120,055
Durham Region Total	605,730

Source: Durham Region Planning Department

Land Area

2,535 square kilometres (980 square miles)

Durham Region is the largest geographical jurisdiction in the GTA, stretching from Lake Ontario in the south to Lake Simcoe in the north.

Message from the Regional Chair and CEO

Roger Anderson
Regional Chair

2008 was a pivotal year for the Region in planning and developing infrastructure that position Durham for the future. Significant progress was made on major projects in the areas of water and wastewater, solid waste management and transportation.

In May 2008, the Region's largest capital project to date, the Courtice Water Pollution Control Plant, was completed and began operating. This state-of-the-art plant replaces an aging facility and provides capacity to serve future development in the Municipality of Clarington, the City of Oshawa, and the Town of Whitby. The new plant is more energy-efficient and exceeds the Ministry of Environment's criteria for effluent.

Implementation of our long-term waste management strategy continues to be a key objective for the Region. In 2008, having exceeded the previous target of 50 percent diversion of waste from landfill, Regional Council set an ambitious new target of 70 percent waste diversion. Throughout 2008, the new Regional Material Recovery Facility in Whitby supported Durham's Blue Box Program. With great participation from our citizens, Durham Region achieved the highest waste diversion rate among Ontario cities and regions.

Another component of Durham's waste management strategy involves planning for waste that cannot be diverted. The multi-year Environmental Assessment process for the Region's proposed Durham-York energy-from-waste (EFW) facility continued in 2008. In January, Regional Council approved the preferred site. In August, a Request for Proposals to select the preferred vendor and technology was issued to pre-qualified bidders. Pending results of site and technology-specific studies, a final decision by Regional Council on the EFW facility is anticipated in mid-2009.

Improving Durham's transportation network remained a top priority in 2008. Significant investments continued in key cross-regional transportation corridors, bridge reconstruction, and Regional road rehabilitation projects. Regional Council and staff also worked with provincial ministries and agencies to plan and advance projects like the Highway 407 and Highway 7 widening, and transit improvements in Durham.

Durham Region Transit (DRT) reached the 20 million passenger milestone in September 2008. With $5.0 million in federal and provincial funding, DRT is currently preparing a long-term transit strategy for the Region, scheduled to be completed in early 2010. The strategy will include DRT network and service refinements, bus rapid transit implementation plans and strategies to link DRT with other transit systems in the GTA.

In the near term, the Region's investments in infrastructure create urgently needed jobs in our local economy. In the longer-term, they position Durham for economic restructuring, growth and future development over the next 20 years. I am confident that Durham will emerge from the current economic turmoil as a stronger, more resilient region.

Roger Anderson
Regional Chair

Message from the Chief Administrative Officer

Garry H. Cubitt, MSW
Chief Administrative Officer

The Region's Strategic Plan was revisited in 2008 to ensure that the organization's direction remains consistent with community priorities. Public consultation confirmed that most objectives in the original plan remained relevant. The Durham Region Strategic Plan 2009-2014 now also includes a focus on sustainability. This principle recognizes that, in meeting today's requirements, our decisions should not adversely impact the citizens of tomorrow.

Sustainable decision making requires us to consider and balance economic, social and environmental factors. As we integrate this approach into our Regional planning process, we will move forward under the following broad themes identified in the Strategic Plan:

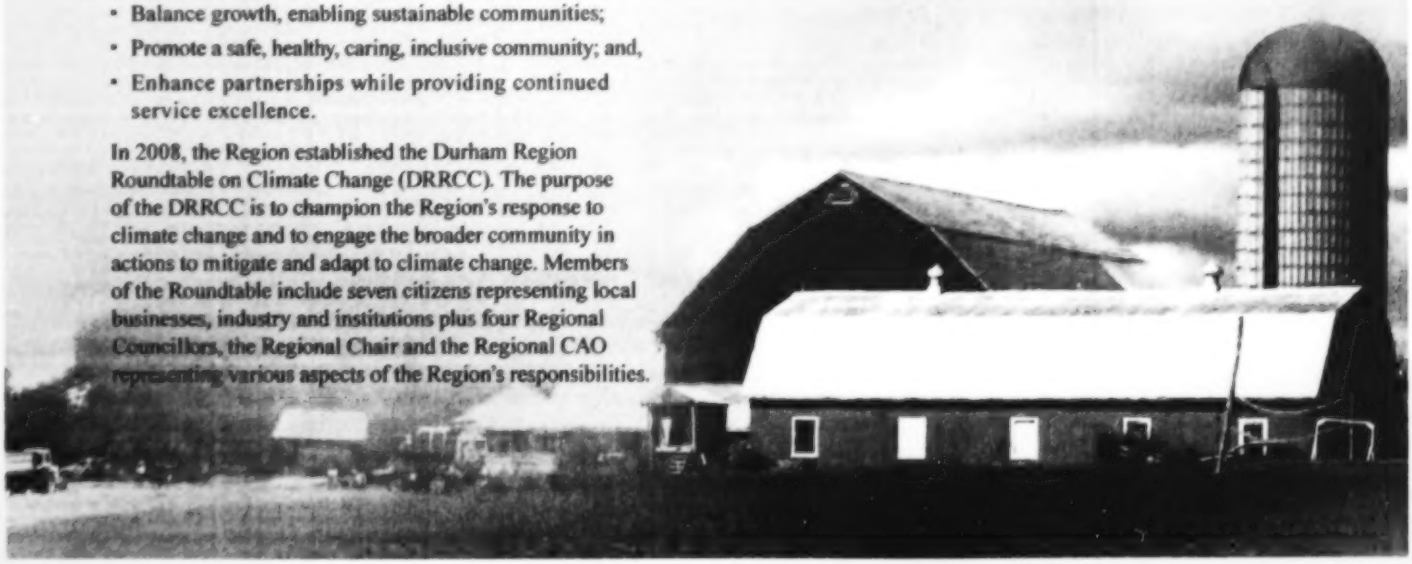
- Promote and strengthen a vibrant economy that will support prosperity for Durham residents, businesses and organizations;
- Protect and enhance our environment for today and tomorrow through stewardship of our natural resources;
- Balance growth, enabling sustainable communities;
- Promote a safe, healthy, caring, inclusive community; and,
- Enhance partnerships while providing continued service excellence.

In 2008, the Region established the Durham Region Roundtable on Climate Change (DRRCC). The purpose of the DRRCC is to champion the Region's response to climate change and to engage the broader community in actions to mitigate and adapt to climate change. Members of the Roundtable include seven citizens representing local businesses, industry and institutions plus four Regional Councillors, the Regional Chair and the Regional CAO representing various aspects of the Region's responsibilities.

Another important initiative for the Region is our work to improve access to Regional services and facilities for our citizens with disabilities. Under the *Accessibility for Ontarians with Disabilities Act 2005*, the Province is phasing in standards to guide municipalities and other organizations in removing barriers to accessibility in five areas: customer service, information and communication, transportation, employment and building structures. Implementation of the first standard to be enacted, the customer service standard, is well underway. This experience will guide us as we implement the other accessibility standards when they are enacted.

I am proud of the excellent service delivered by Regional staff, as well as their remarkable capacity to adapt to ever changing legislative, operating and community requirements. As we tackle economic restructuring and climate change, it is vital for the Region to continue to direct its limited resources strategically, creatively, and effectively.

Garry H. Cubitt, MSW
Chief Administrative Officer



Durham Region
Council Membership 2006-2010

Regional Chair
Roger Anderson

Mayor Steve Parish
Town of Ajax

Regional Councillor
Scott Crawford
Town of Ajax

Regional Councillor
Colleen Jordan
Town of Ajax

Mayor Larry O'Connor
Township of Brock

Regional Councillor
April Cullen
City of Oshawa

Regional Councillor
John Henry
City of Oshawa

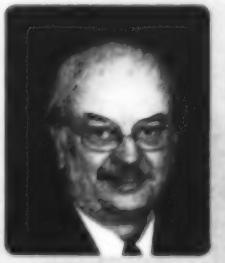
Regional Councillor
Joe Kolodzie
City of Oshawa

Regional Councillor
Robert Lutczyk
City of Oshawa

Regional Councillor
John Neal
City of Oshawa

Regional Councillor
Bill McLean
City of Pickering

Mayor Marilyn Pearce
Township of Scugog



Regional Councillor
Jim McMillen
Township of Scugog

Mayor Bob Shepherd
Township of Uxbridge

Regional Councillor
Howie Herrema
Township of Uxbridge

Regional Councillor
John Grant
Township of Brock

Mayor Jim Abernethy
Municipality of Clarington

Regional Councillor
Mary Novak
Municipality of Clarington

Regional Councillor
Charlie Trim
Municipality of Clarington

Mayor John Gray
City of Oshawa

Regional Councillor
Brian Nicholson
City of Oshawa

Regional Councillor
Nester Pidwerbecki
City of Oshawa

Mayor Dave Ryan
City of Pickering

Regional Councillor
Rick Johnson
City of Pickering

Regional Councillor
Bonnie Littley
City of Pickering

Mayor Pat Perkins
Town of Whitby

Regional Councillor
Joe Drumm
Town of Whitby

Regional Councillor
Gerry Emm
Town of Whitby

Regional Councillor
Don Mitchell
Town of Whitby

Durham
Regional Council

Purpose

Regional Council provides leadership and direction to Regional administrative staff, who ensure citizens have access to adequate and efficiently delivered Regional services and infrastructure.

Composition

Legislative responsibility for the Regional Corporation is vested in the Regional Council, comprised of the Regional Chair plus 28 Regional Councillors.

The composition of Regional Council is designed to achieve balanced representation for the eight Local Area Municipalities of the Region. The Mayors of the Local Area Municipalities, by virtue of their office, are also Regional Councillors, while other election candidates must declare candidacy for either a combined Regional and Local, or strictly Local office. Regional Councillors elected in November 2006 will serve a four year term to November 2010.

Regional Chair

The Regional Chair is an ex-officio member of each Regional Standing Committee. The Regional Chair is the head of Regional Council and is the Chief Executive Officer (CEO) of the Regional Corporation.

The Regional Chair presides over all meetings of the Regional Council. An important function of the Regional Chair is to promote and advance the Regional position.

As part of the position, the Regional Chair meets regularly with representatives and residents to ensure they are aware of issues and actions within Durham Region, and to understand their concerns.

Appointments to Agencies, Boards and Committees (2006-2010)

Regional Council makes appointments to agencies, boards and committees that provide services to residents of Durham Region, including the following:

- Durham Accessibility Advisory Committee;
- Durham Agricultural Advisory Committee;
- Joint Waste Management Group for the Durham/York Residual Waste Study;
- Durham Environmental Advisory Committee;
- Brock Township Landfill Public Liaison Committee;
- Credit Valley/Toronto/Central Lake Ontario Source Protection Committee;
- Durham Region Roundtable on Climate Change;
- Glen Major Forest-Walker Woods Stewardship Committee;
- Greater Toronto Airports Authority;
- Highway 407 East Environmental Assessment Study Community Advisory Group;
- Land Division Committee;
- Local Diversity and Immigration Partnership Council;
- Trent Conservation Coalition Source Protection Committee;
- Business Advisory Centre Durham;
- Canadian National Exhibition Association;
- Central Lake Ontario Conservation Authority;
- Ganaraska Region Conservation Authority;
- Kawartha Region Conservation Authority;
- Lake Simcoe Region Conservation Authority;
- Toronto and Region Conservation Authority;
- Durham Region Non-Profit Housing Corporation;
- Durham Regional Local Housing Corporation;
- Durham Region Police Services Board;
- 9-1-1 Management Board;

- Duffins Creek and Carruthers Creek Watershed Resource Group;
- Durham Advisory Committee on Homelessness;
- Rouge Park Alliance;
- GTA Agricultural Action Plan;
- Greater Toronto Marketing Alliance;
- Greater Toronto Transit Authority (GO Transit);
- Durham Region Child and Youth Advocate;
- Greater Toronto Transportation Authority (GTTA) Metrolinx;
- Durham Trail Co-ordinating Committee;
- Transit Advisory Committee;
- Multi-stakeholder Advisory Panel for the Durham Sustainability Stewardship Program;
- Association of Local Public Health Agencies (alPHa);
- Energy from Waste Facility Site Liaison Committee;
- GTA Fare System Project Executive Committee;
- GTA Fare System Project Steering Committee;
- Social Housing Services Corporation Board of Directors; and,
- South Georgian Bay-Lake Simcoe Source Protection Committee.

For additional information on the membership and responsibilities of these Boards, Committees and/or Agencies, please visit the Regional website at www.durham.ca, or contact the Region at 905-668-7711 or toll free at 1-800-372-1102.

DURHAM REGION

Government Structure
Durham Region and the Local Area Municipalities

Our system of government consists of two tiers. The Regional Municipality of Durham is the first level, or upper tier, and the eight local area municipalities constitute the second level, or lower tier. The two-tiered system is designed to retain closeness to the people, while permitting a Region-wide approach to development, infrastructure and service delivery.

Local Area Municipal councils have responsibility for the following service areas:

- Local planning and development;
- Local roads, bridges, storm sewers and sidewalks;
- Fire protection and prevention;
- Parks and recreation;
- Property tax billing and collection;
- Building and related inspections and permits;
- Business licencing;
- Vital statistics;
- Garbage, food and yard waste collection (in the City of Oshawa and the Town of Whitby);
- Animal control;
- Library services;
- Municipal elections;
- Parking and by-law enforcement; and,
- Property standards.

The Regional Municipality of Durham was created on January 1, 1974, as a Regional Government in the Province of Ontario, under *The Regional Municipality of Durham Act, 1973*. The Act provided for the formation of the eight Local Area Municipalities (the Cities of Oshawa and Pickering, the Towns of Ajax and Whitby, the Municipality of Clarington, and the Townships of Brock, Scugog and Uxbridge).

As issues continue to increase in complexity and blend in terms of jurisdictional responsibility, and as resources remain limited, municipalities are increasing their efforts to work together, and with others, to provide required services.

The Regional Corporation has responsibility for the following service areas:

- Police services and the Emergency 9-1-1 telephone system;
- Delegated authority for Local Area Municipal Official Plans and amendments;
- Durham Region Official Plan and implementation;
- Water supply treatment, distribution and billing;
- Sanitary sewerage collection, treatment and billing;
- Main arterial roads, bridges, traffic lights and controls, and storm sewers on Regional roads;
- Strategic land use planning;
- Borrowing of money for capital expenditures of upper and lower tier municipalities;
- Economic development and tourism;
- Industrial, commercial, and residential development approvals;
- Social services, including child care, long-term care, and services for seniors, family services, social housing and 'Ontario Works' programs and services;
- Land division consent applications;
- Provincial offences court, prosecution services and the administration and collection of fines;
- Solid waste management including diversion, recycling, promotion and education, Blue Box collection, garbage, food and yard waste collection in six local area municipalities, and waste processing and disposal;
- Emergency medical services;
- Property taxation policy;
- Public health programs and services;
- Transit services; and,
- Emergency management.

Regional Administration Management and Reporting Structure

The Chief Administrative Officer (CAO) is the most senior staff person in the Regional Corporation and reports to Regional Council. Appointed by Regional Council, the CAO ensures the implementation of Regional Council direction and policy and is responsible for the overall management of the Regional organization.

Department heads report to the CAO, who ensures coordination between departments and relevant outside agencies. Under the direction of the CAO, department heads report to Regional Council through the committee structure.

Regional Council established four standing committees, each comprised of seven councillors and the Regional Chair.

As shown in the chart, the four standing committees of Regional Council are the:

- Planning Committee;
- Finance and Administration Committee;
- Health and Social Services Committee; and,
- Works Committee.

Issues requiring deliberation will often involve the jurisdiction of more than one of the Region's standing committees. In these cases, joint committees are formed involving two or more standing committees.

The Durham Region Transit Commission was established as a municipal services board effective January 1, 2006. Members of the Transit Commission include the Regional Chair and all of the elected members of Durham Regional Council.

2008 Standing Committee Highlights

The following represents select lists of specific matters that were brought before Regional Council during 2008, after consideration at the standing committee level. For more information on any of these matters, please contact the Region at 905-668-7711 or toll free at 1-800-372-1102.

Works Committee

- Water supply and sanitary sewerage systems modifications and upgrades
- Regional roads and bridges construction and rehabilitation
- New emergency medical services facilities in Clarington and Pickering
- Landfill post-closure care and monitoring plans
- Durham/York energy from waste: site liaison committee, emissions criteria and environmental and human health monitoring best practices
- Durham's Blue Box material recovery facility
- Waste diversion: clear plastic bags pilot study
- Household hazardous waste programs
- Source water protection

Finance and Administration Committee

- Durham Region strategic plan 2009-2014
- Annual accessibility report and plan
- Economic and financial forecast 2009-2013
- Business plans and property tax budgets
- Development charges by-laws and related background studies
- Durham's award for financial reporting
- Municipal performance measurement program
- Durham's 'Triple A' credit ratings
- Provincial municipal infrastructure investment
- Annual insurance and risk management report
- Tangible capital assets – reporting and implementation
- Long-term strategic property taxplan

Planning Committee

- Durham Region Official Plan review and amendments
- Durham Region trail network
- Lake Simcoe protection strategy
- Rouge River watershed plan
- Regional tree by-law
- Growth plan implementation study
- Smart Commute Durham
- Building permit activity report
- Nuclear Waste Management Organization

Health and Social Services Committee

- Homelessness program funding
- Homelessness prevention
- Durham rent bank funding
- Smoke-free vehicles legislation
- Pharmacy services for long-term care homes
- Infection prevention and control
- Growth plan: food security principles
- Small drinking water systems funding
- National Child Benefit Reinvestment Plan
- Best Start Program
- Ontario Child Benefit and social assistance restructuring

The following represents select matters brought before Regional Council during 2008 after consideration by Joint Committees and the Durham Region Transit Commission.

Joint Committees

- Annual review of Regional housing programs
- Annual Regional roads servicing and financing study
- Annual asset management update
- Central Pickering development plan (Seaton)
- Annual solid waste management servicing and financing study
- Durham/York energy from waste facility
- Annual water supply and sanitary sewerage servicing and financing study
- Annual water and sewer user rates
- Growth plan implementation
- Highway 407 East completion Environmental Assessment
- Annual transit servicing and financing study
- Regional revitalization plan

Durham Region Transit Commission

- Transit risk assessment and security plan
- Long-term transit strategy
- Joint bus procurement authorization
- Regional transit development charges by-law
- Transfer of transit facilities to the Region

Growing Together
Durham Region Strategic Plan 2009-2014

In 2008, Regional Council decided that the organization should develop a new strategic plan. While the Community Strategic Plan – created in 2003 – had been an excellent road map for the Region, changing times and a growing population suggested that a renewal of the plan would be beneficial. Increased awareness of the impacts of climate change, and the effects it will have on the environment, economy and social fabric of our Region and beyond also supported the need to revisit the plan.

As a result, sustainability is the overarching principle guiding the goals outlined in this plan – and more importantly will steer implementation activities that will assist in achieving those goals. Sustainability has been characterized in many different ways, but Canada's National Task Force on Environment and Economy has a definition that is easily understandable and can be used by all organizations:

> "Development which ensures that the utilization of resources and the environment today does not damage prospects for their use by future generations."

The Region of Durham understands that even greater awareness is essential, and that the incorporation of sustainability principles into the business decision-making process is required. This has already been occurring, but will now have a more formalized approach. The role of Regional Council to provide leadership and vision is a critical one.

The Durham Region Strategic Plan has a timeframe of six years. It is anticipated that when the next Regional Council is elected in 2010, they will review this plan and either ratify it as it stands, or make modifications to reflect any shift in priorities.

Vision

Durham will be a united group of vibrant and diverse communities recognized for their leadership, community spirit and exceptional quality of life.

Mission

Meeting the needs of the Durham community through leadership, co-operation and service excellence.

Values

The Region of Durham has a set of values, which are integral to the organization's collective behaviour.

Ethical Leadership

We demonstrate integrity and vision, providing the organization with good governance and management.

Accountability

We respond to the changing needs of residents and other organizations by providing transparent government within the framework of financial sustainability.

Service Excellence

We encourage professional excellence through collaboration, partnerships and teamwork in an environment that fosters trust and respect.

Continuous Learning and Improvement

We support life-long learning and commitment to innovation, research, knowledge exchange and ongoing program evaluation.

Inclusion

We provide an accessible, inclusive environment that values the diversity of our staff and the community.

Strategic Themes

1

Promote and strengthen a vibrant economy that will support prosperity for Durham residents, businesses and organizations

3

Balance growth, enabling sustainable communities

2

Protect and enhance our environment for today and tomorrow through stewardship of our natural resources

4

Promote a safe, healthy, caring, inclusive community

5

Enhance partnerships while providing continued service excellence

Durham Region Strategic Plan 2009-2014 "Growing Together" is available on the Regional website at www.durham.ca, or contact the Region at 905-668-7711 or toll free at 1-800-372-1102.

Our Communities
United, Vibrant and Diverse

Town of Ajax

Population: 103,855
Area: 68 sq. km. (26 sq. miles)
www.townofajax.com

The Town of Ajax is an accessible, community-focused and eco-conscious municipality that embraces an active, modern lifestyle while preserving its unique history.

Ajax progressively preserves employment lands to ensure smart growth opportunities for employers and residents. The Town is an ideal location for knowledge-based industries, advanced manufacturing, energy and tourism. With the recent opening of 60,000 square feet of new employment facilities, hundreds of new jobs for local residents will be provided.

As the first ISO-registered municipality in North America, Ajax offers an accessible council and staff for fast residential and business-related inquiries. A community-focused town, Ajax offers high quality of life with more than 80 kilometres of trails, green space and unique events.

With an "environment first" philosophy, Ajax was the first municipality in Durham to construct a Leadership in Energy and Environmental Design (LEED) registered firehall, approve a "green fleet" strategy and develop an urban forest canopy strategy.

Township of Brock

Population: 12,530
Area: 426 sq. km. (164 sq. miles)
www.townshipofbrock.ca

The Township of Brock is located on the scenic shoreline of Lake Simcoe and the Trent-Severn Waterway and is deemed Ontario's small mouth bass capital.

Key industries are aggregates, glass production, rope and lace manufacturing, metal fabrication, jewelry and badge mounts, and acoustical components. There are industrial parcels available within the Township for development.

Home to some of the Region's most interesting heritage buildings, fall fairs and festivals, and antique and craft shopping, this family-friendly community abounds with all-season fishing and recreational opportunities.

The annual Cannington Dog Sled Races, known as one of the best competitions of its kind in North America, attracts numerous international teams and spectators. The Township's maple syrup production is also celebrated each spring, when Sunderland hosts its maple syrup festival. Quaint shopping districts in local villages offer unique retail opportunities.

Municipality of Clarington

Population: 83,870
Area: 613 sq. km. (237 sq. miles)
www.clarington.net

The Municipality of Clarington is home to more than 1,200 commercial enterprises of remarkably diverse sizes and types. The Municipality has a breathtaking shoreline, with its Waterfront Trail stretching 17 kilometres. Major population centres, farming communities and hamlets include Courtice, Bowmanville, Newcastle and Orono.

Attractive industrial land costs and a quality lifestyle make it easy for employers to recruit skilled employees and contribute to the expansion of Durham Region's economic base.

One of the Region's largest employers, Ontario Power Generation's Darlington Nuclear Generating Station, is located in Clarington, and produces enough electricity to serve a city of two million people.

The new Courtice Water Pollution Control Plant is up and running and ensures that wastewater is tested and treated in accordance with the requirements of the Ministry of Environment. Additional infrastructure projects are planned for Clarington in the areas of transit, waste and energy.

Historic downtown shopping districts, along with modern retail blocks, flea markets, auctions and a local farmers' market co-exist with a beautiful countryside. Clarington also has extensive wildlife refuges and sanctuaries that have been recognized by the World Wildlife Council of Canada and the World Wildlife Federation.

City of Oshawa

Population: 150,365
Area: 147 sq. km. (57 sq. miles)
www.oshawa.ca

The City of Oshawa is a vibrant and progressive community that has received numerous awards and recognitions, including a gold award at the 2007 International Awards for Livable Communities and a top-10 ranking in Canadian Business magazine's listing of the best places to do business in Canada.

The City is home to hundreds of leading-edge companies in the automotive, energy, information technology and health sectors. Today's Oshawa is moving from a manufacturing-based community to one that builds upon the diversity of its economic base. Durham College and the University of Ontario Institute of Technology (UOIT) are leaders in many research and development initiatives.

Downtown Oshawa is identified as a priority urban growth centre under the Ontario government's Places to Grow program. The City's downtown core is experiencing a renaissance as new businesses are established, and long-time businesses make dramatic improvements to existing facilities.

The recently restored Regent Theatre adds to the City's creative community and a cultural mosaic of art galleries, historical sites, museums, theatres and festivals.

Our Communities
United, Vibrant and Diverse

City of Pickering

Population: 91,230
Area: 232 sq. km. (90 sq. miles)
www.cityofpickering.com

The City of Pickering is a major energy centre and is home to Ontario Power Generation, Wardrop Engineering Inc., Intellimeter Canada Inc., Eco-Tec Inc., Crossby Dewar Inc., Hubbell Canada L.P., Black & McDonald Limited and Veridian Corporation.

The Central Pickering Development Plan provides direction for the establishment of the future Seaton Community, a proposed sustainable community supporting up to 70,000 new residents and 35,000 additional jobs. Pickering's downtown has been identified by the Province of Ontario as an urban growth centre. Metrolinx, the Greater Toronto Area's public transportation agency, has also identified downtown Pickering as a mobility hub.

The City of Pickering is the first municipality in Ontario to create an Office of Sustainability. One of the key roles of this office is to oversee and co-ordinate the Sustainable Pickering program. In 2008, the City of Pickering was awarded the prestigious Federation of Canadian Municipalities (FCM)-CH2M HILL Sustainable Community Award in Planning, in recognition for its leadership role in creating a more environmentally responsible, livable and sustainable community.

Township of Scugog

Population: 22,815
Area: 478 sq. km. (185 sq. miles)
www.township.scugog.on.ca

The Township of Scugog is one of the region's most popular tourist destinations. Port Perry, its major urban centre, offers a charming historic downtown and specialty shopping district. Several hamlets and villages make for breathtaking sightseeing.

Scugog's primary industries include agriculture, manufacturing, roof trusses, and restorative and aftermarket automotive parts. North Port Industrial Park, Reach Industrial Park and Success Industrial Park have zoned acreage ready for development.

A Communities in Bloom provincial winner, the Township provides excellent natural settings for rowing, boating, fishing and snowmobiling. As well, the Township is well-known for its festival days, agricultural fall fairs and farmers' markets. Popular attractions include the Great Blue Heron Charitable Casino on the First Nations Mississauga Indian reserve located on Scugog Island; Port Perry's historic former Town Hall, a site for performing arts; The Kent Farndale Gallery, which holds art shows year-round; and the Scugog Shores Museum.

The Nonquon Wildlife Area offers hiking, canoeing and one of the best birding habitats in the Greater Toronto Area. Each summer, Scugog hosts the traditional "Canoe the Nonquon" competition.

Township of Uxbridge

Population: 21,010
Area: 424 sq. km. (164 sq. miles)
www.town.uxbridge.ca

The Township of Uxbridge is a haven for patrons of the arts and many award-winning artists, authors, musicians, actors and sculptors. Architecturally and historically significant homes, churches and buildings, such as the Byzantine style Thomas Foster Memorial and Leaksdale Manse, the former homestead of Lucy Maud Montgomery, are a draw for both residents and visitors.

Economic sectors include aggregates and concrete products, nursery stock, metal recycling, food processing, auto parts manufacturing, automation testing equipment, woodworking and printing. The Uxbridge Industrial Park, Parrott Road Industrial Park, and other industrial parcels are potential development lands.

The Uxbridge-Scott Heritage Centre displays historic artifacts in eight beautifully preserved buildings. The York-Durham Heritage Railway includes a fully restored rail station where travellers can board the nostalgic train and enjoy the scenic ride between Uxbridge and Stouffville. The trail capital of Canada, Uxbridge is known for not only its beautiful nature trails, but also its vast array of outdoor recreation opportunities.

Town of Whitby

Population: 120,055
Area: 147 sq. km. (57 sq. miles)
www.whitby.ca

The Town of Whitby is ranked the 10th fastest-growing community in Canada, and the fourth in Ontario. Full of rich history, the Town of Whitby combines the best of urban and rural living, with its unique character highlighted by two heritage downtowns.

Whitby is a prime location for investment and business attraction. Recognized as "Durham's business centre" and supported by the Whitby Chamber of Commerce, Whitby is home to a diversified range of Canadian and international companies. Advanced manufacturing, information technology, telecommunications, packaging, energy, automotive, steel, plastics and government services are core business and industrial sectors in Whitby. New Class "A" office space projects have been approved and are ready for development.

Enhancing the leisure and recreational needs of residents remains a priority. The long anticipated 55,000 square foot soccer dome with two indoor soccer fields opened in early 2009. The new Brooklin Community Centre and Library, a 40,000 square foot seniors centre, youth centre, gymnasium, library and community space, is scheduled to begin construction in 2009. The new Abilities Centre, which will commence construction in 2009, will be a world class recreation and athletic facility fully accessible to persons with special needs.

Durham Region
Performance Measurement

A Commitment to Performance Measurement

The objectives of performance measurement are to improve service delivery, share best practices within and amongst municipalities and increase accountability to taxpayers.

The Region has established practices of developing and reporting performance measures as part of the annual Business Planning and Budget process.

The Region's commitment to excellence has been rewarded through the achievement of the highest credit ratings.

Municipal Performance Measurement Program

The Province's Municipal Performance Measurement Program (MPMP) was introduced in 2000 to enhance accountability and requires the mandatory reporting by all Ontario municipalities.

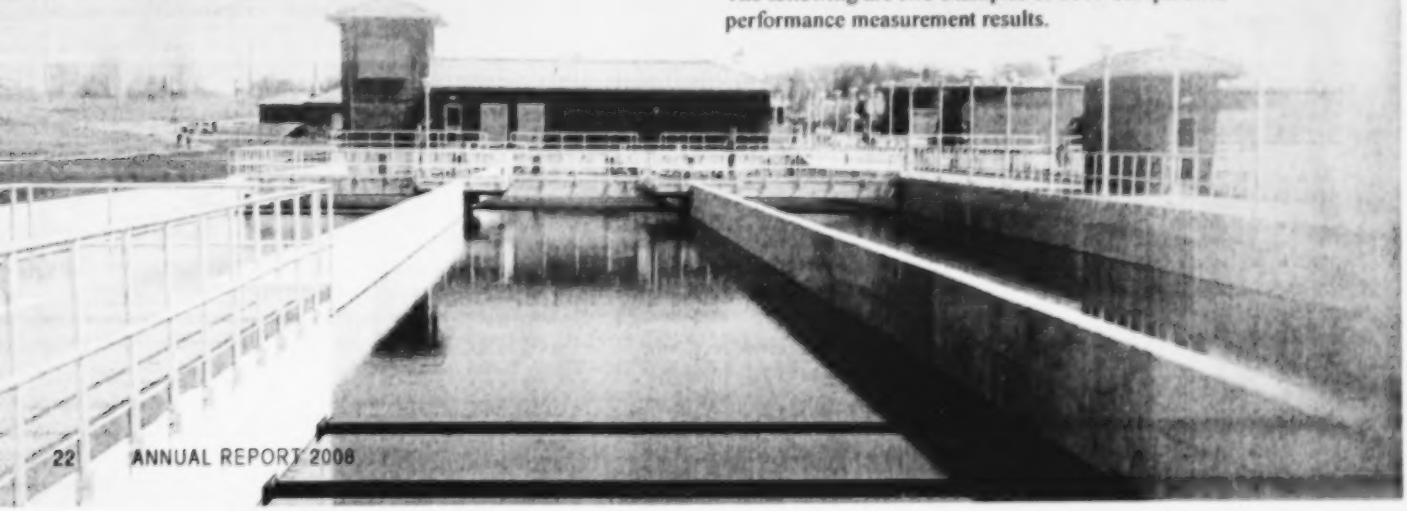
The 2007 MPMP results (the latest available), including detailed narratives, are available on the Region's website at www.durham.ca or by contacting the Region at 905-668-7711 or toll free at 1-800-372-1102.

Ontario Municipal Benchmarking Initiative

The Ontario Municipal Benchmarking Initiative (OMBI) is a collaboration of 15 Ontario municipalities that represent more than 9.3 million residents or 73% of Ontario's population. The initiative is led by the Chief Administrative Officers (CAOs) and City Managers of participating municipalities and fosters a culture of service excellence. By working collaboratively with the other OMBI municipalities through this initiative, the Region of Durham has been able to address the growing demand for greater accountability and transparency in the planning and delivery of municipal services and programs.

The "2007 Performance Benchmarking Report: Partnering for Service Excellence" prepared by OMBI was released in December 2008. The results, after taking into consideration the unique characteristics of each municipality, can be used locally to aid in decision making processes. The benchmarking process also enables the service experts to collaborate and share information to achieve greater insights and improve the services provided to citizens through the optimal use of limited resources. The report highlights 22 service areas, of which Durham is identified in 13, with the balance of services provided by local or single tier municipalities.

The following are two examples of 2007 comparative performance measurement results.

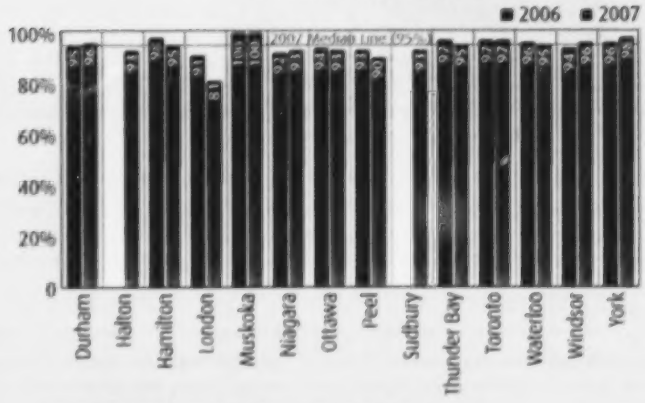


Long-Term Care (LTC)

Unlike one-time transactional services, long-term care (LTC) services are delivered to residents 24 hours a day, 7 days a week. The customer relationship is continuous with several individual customer service encounters occurring in a given day. Maintaining strong client satisfaction through each service delivery experience is challenging for operators.

In 2007, 96% of Durham's LTC residents, or their family members surveyed, were satisfied with the municipal LTC home as a place to live. This accomplishment is significant given the complexity of the customer service experience in LTC.

Long-Term Care Resident Satisfaction in Municipal Homes (%)



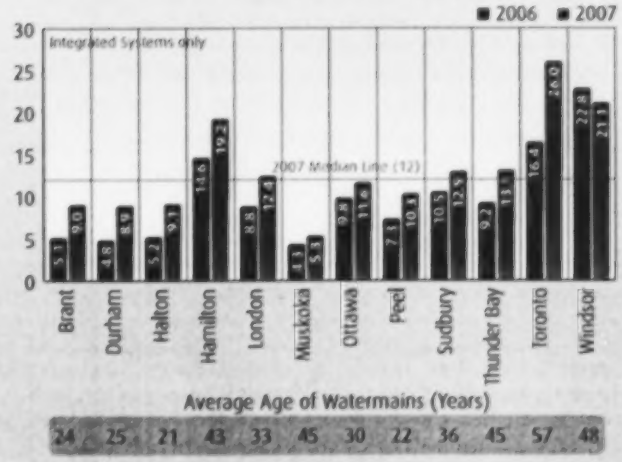
Note: Residents of municipal long-term care homes were not surveyed in 2006 in Halton and Greater Sudbury

Water Supply

Durham has implemented a preventative maintenance program, which consists of cathodically protecting ferrous watermains to prevent breaks or leaks caused by corrosion. The Region of Durham also has a program for cement lining cast iron watermains to extend their useful life and a leak protection program with scheduled repair or replacement of leaking sections of pipe. Major watermain breaks are isolated and repaired immediately upon detection.

This graph shows the number of watermain breaks per 100 km of water distribution pipe. There is a relationship between older water distribution systems and higher rates of watermain breaks.

Number of Watermain Breaks per 100km of Water Distribution Pipe



Commissioner of Finance and Treasurer's Report
Financial Results

R. J. Clapp, CA
Commissioner of Finance and Treasurer

It is with pleasure that I present the Annual Financial Report of the Regional Municipality of Durham, Ontario, Canada. This report provides Durham's financial results for the year ended December 31, 2008, and information on key financial policies, practices, and initiatives, which support the prudent and efficient delivery of Regional programs and services.

Operating Fund Expenditures

In 2008, Total operating fund expenditures increased by 4.4 percent, from $726.3 million to $758.2 million. Major expenditure increases for 2008 included:

- Eight new police officers and two police support staff;
- Funding for emergency medical services, including new staffing and advanced care paramedic training;
- Additional funding for 15 staff to maintain and improve service levels for winter control, engineering support and operations;
- New funding for solid waste management programs, including landfill remediation and staffing for technical and support services;
- New funding for Durham Region Transit, including additional staffing resources and funding for the GTA Fare Card system;
- New social services staffing resources to meet service level requirements;
- New staff to maintain health guidelines and standards and funding of the infant and child development program; and,
- Increased funding for the five conservation authorities, including Oak Ridges Moraine watershed planning and strategic land acquisitions.

Operating Fund Revenues

Operating fund revenues include Regional property taxes, user charges, and transfer payments from Federal and Provincial governments.

Revenue from property taxes increased to $473.0 million compared to $432.1 million in 2007, representing an increase of approximately 9.5 percent. Growth for this period accounted for close to one fifth of the increase in property tax revenues.

A property tax increase is also included in the total. The 2008 budgeted Regional property tax increase represented an average residential property tax impact of 4.8 percent for the average residential property owner. Solid waste management and transit services have different property tax rates for each local area municipality to reflect both assessment and service levels, which vary by local area municipality.

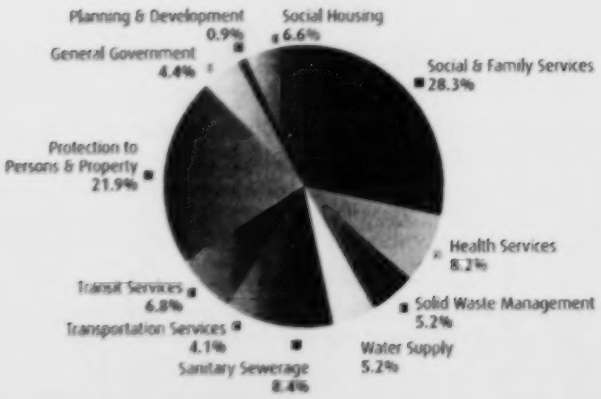
Water Supply and Sanitary Sewerage

Water and sewer rates, rate structure, development charge receipts and long-term capital requirements are reviewed annually to ensure operations are efficient and viable. Operations are funded primarily through uniform user rates.

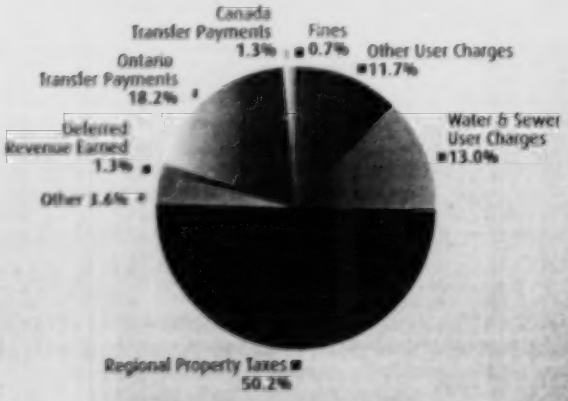
The Region adheres to the user pay principle when setting water and sewer rates, resulting in charges proportionate to costs incurred. In 2008, a 9.5 percent water and sewer rate increase was approved to fund increased labour and utility costs; contributions to asset management reserve funds; compliance with Ontario Drinking Water and Pollution Planning regulations and legislation; and decreased user rate revenues due to consumption declines.

Surplus from water and sewer operations is transferred to the respective treatment plant/rate stabilization reserve fund to finance future capital. Reserve fund balances at year-end 2008 were $63.5 million for sanitary sewerage and $27.4 million for water supply.

2008 Operating Fund Expenditures
$758.2 million



2008 Operating Fund Sources of Financing
$941.6 million



Solid Waste Management

The solid waste management budget is separate from the Region's general purposes tax budget and is funded by user fees and solid waste management property tax rates. Major expenditures relate to responsibilities for collection, transfer, processing, disposal and diversion.

The Region owns and operates an active rural landfill and manages six closed landfills, three waste management facilities, a materials recovery facility, and four hazardous waste depots. Proactive promotional and educational programs also encourage residents to reduce, reuse, recycle and compost.

Revenue sources consist of property taxes, user fees, subsidies and recyclables sales. Uncertainties that can lead to a surplus (or deficit) position include tonnage variances, subsidy changes and fluctuating market prices for diversion materials. At year-end 2008, the solid waste management reserve fund had a balance of $20.3 million.

In 2008, the municipal solid waste stream totaled 235,600 tonnes, with a 51 percent diversion rate. Having achieved the 50 percent diversion target, Regional Council has established a new target of 70 percent.

Commissioner of Finance and Treasurer's Report
Financial Results

Capital Fund Expenditures

Capital investment is necessary both to maintain current infrastructure and to provide for future requirements. In 2008, capital fund expenditures totaled $118.0 million, compared to $170.9 million in 2007. Transportation and Environmental Services (water supply and sanitary sewerage) were the highest spending categories. Major 2008 capital programs included the following:

- Expansion of biosolids handling at the Duffin Creek Water Pollution Control Plant in the City of Pickering to support an increase in plant capacity from 420 million litres per day to 630 million litres per day;
- Roads capital program, including the widening of Taunton and Harmony Roads and asphalt rehabilitation;
- New and replacement vehicles for transit and emergency medical services; and,
- Capital works to comply with Ontario Drinking Water Protection regulations and Federal Pollution Planning legislation, and funding for improvements to Regional water pollution control plants.

Capital Fund Sources of Financing

The Region's 2008 capital program was financed from the operating fund, reserves and reserve funds, development charges, subsidies and local municipal recoveries. In 2008, there were no debentures issued to finance capital programs.

Development charges are collected from developers and are held by the Region to finance future growth-related projects for water, sewer, roads and other specific purposes. In 2008, development charges collected totaled $61.7 million and contributions to the capital fund from development charges earned totaled $19.2 million in 2008, compared to $39.0 million in the previous year.

Debt Position

The Region's debt management policies are governed by Provincial legislation and Regional Council approvals.

The Region is the authorized entity for debt issuance for all local area municipalities within its jurisdictional boundaries. In 2008, no new Regional debt was issued and, net of debt payments made during the year, the Region's debt burden decreased 7.2% to $185.3 million, compared to a level of $199.8 million at year-end 2007.

Factors that contributed to the Region's long standing 'Triple A' credit rating included the Region's low levels of debt and an adherence to the 'pay-as-you-go' financing philosophy, with debt issuance only for major capital projects. The Region's strong capital structure, and solid reserves and reserve funds, also help to ensure debt is minimized.

The Region is responsible for debenture debt totaling $353.6 million at December 31, 2008. Of this debt, $168.2 million or 48 percent was issued on behalf of Durham local municipalities and school boards, who in turn are responsible for paying the Region both principal and interest.

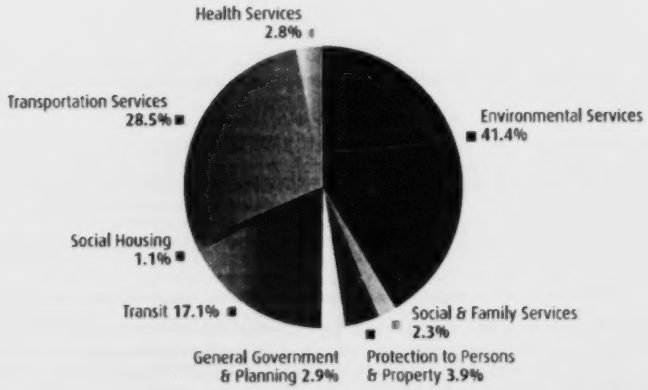
Economic Overview

A significant factor for Durham Region has been a dramatic increase in residential development. With one of the fastest growing populations in Canada, Durham Region is an emerging power within the GTA. Durham's population was estimated at 605,730 at May 31, 2008 and is expected to expand by 58 percent over two decades, based on Provincial growth plan targets.

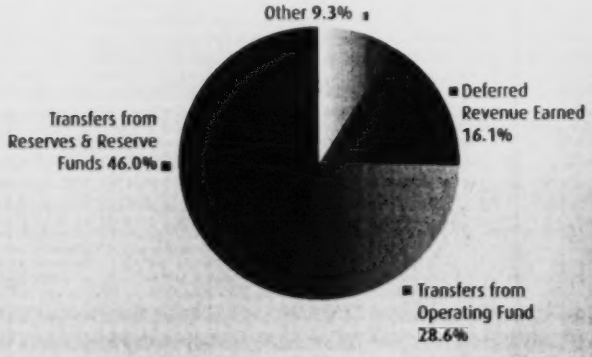
Significant residential growth results from Durham's competitive location and advantages with respect to housing costs, and a highly developed energy, communications and social infrastructure. The local economy derives strength from a well developed transportation network, strong manufacturing base and skilled workforce.

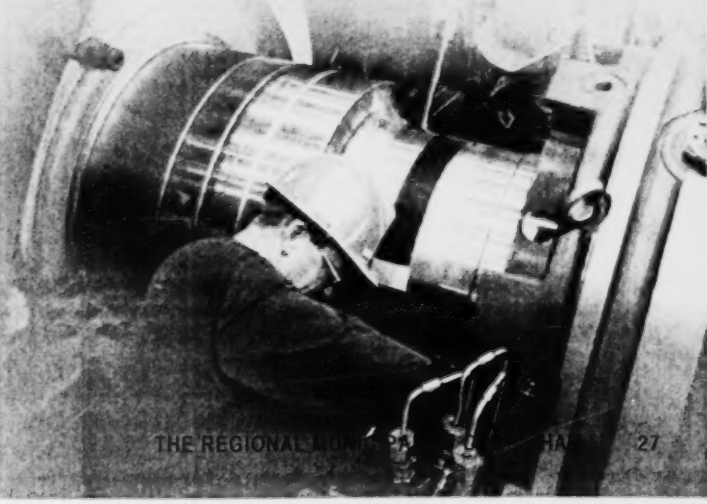
In the short-term, the economic environment continues to pose challenges, as the export driven manufacturing, and particularly the auto sector, continues to weather the stronger Canadian currency, intensified global competition and the global recession. These challenges are offset by diversification, with prospects for long-term prosperity bolstered by significant planned private and public sector investments. These include a new community in the City of Pickering (Seaton), energy sector expansions focused around the rebuild and expansion of nuclear facilities, a new energy from waste facility, health and education sector expansions, and Highway 401 interchanges and 400 series highway expansions.

2008 Capital Fund Expenditures
$118 million



2008 Capital Fund Sources of Financing
$139.2 million





Commissioner of Finance and Treasurer's Report
Economic Indicators

The economic outlook deteriorated rapidly in the Fall of 2008, as virtually all sectors of the Canadian economy were affected by turmoil in financial markets and the global downturn. It is anticipated that weak indicators will continue over the next 12 to 18 months before the economic cycle again becomes positive.

According to a Moody's Investors Service International Public Finance Special Report, March 2009, the ongoing economic downturn will not lead to a material deterioration of municipal credit profiles.

> "The characteristics that underpin high ratings on Canadian municipalities – strong and stable institutional frameworks, diverse and stable revenues, strong balance sheets, prudent fiscal management and high provincial support – are unlikely to be affected by the current cyclical economic downturn."

Unemployment Rates

In 2008, the unemployment rate in the local Oshawa Census Metropolitan Area (CMA) averaged 7.1 percent, compared to 6.5 percent for the Province of Ontario and a 6.1 percent national rate. The Oshawa CMA includes the Town of Whitby, the City of Oshawa and the Municipality of Clarington.

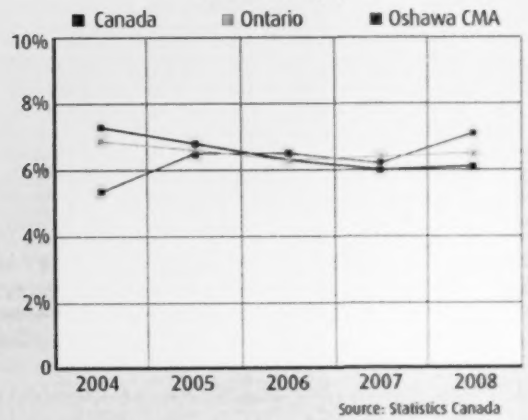
Building Permits

In 2008, building permit activity in Durham Region declined by 9.3 percent, to a level of $1.3 billion. The 2008 decrease in total building permit value was due to a decline in residential activity (from $901 million to $736 million). The value of non-residential permits increased from $524 million to $557 million in 2008, an increase of 6.3 percent. The increase in non-residential building permit value was attributed to the commercial and institutional sectors. Major non-residential building projects included:

- A new wing at Durham College/University of Ontario Institute of Technology;
- A new Walmart store in Oshawa;
- Waste treatment facility expansion;
- A new Home Depot in Pickering;
- A new Zellers in Whitby; and,
- A four-building retail complex in Whitby.

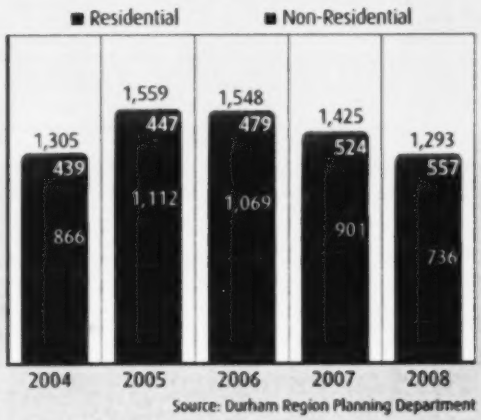
In 2008, approximately $13.4 billion of building permits were issued in the GTA, with Durham's share being 9.6 percent.

Unemployment Rates
2004 to 2008 (%)



Source: Statistics Canada

Durham Region Building Permit Activity
2004 to 2008 ($ millions)



Source: Durham Region Planning Department

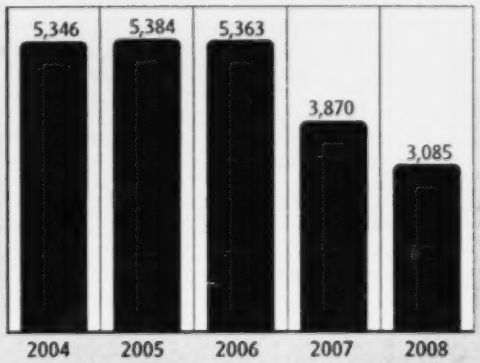
Housing Starts

Housing starts, completions and absorptions continued to decline in 2008. According to the Canada Mortgage Housing Corporation (CMHC) there were 3,085 housing starts in the Region, down 20 percent from 3,870 starts in 2007. Housing starts had remained above the 5,000 mark since 2002, with 2003 being the peak year for Durham Region. In 2007 and 2008 housing starts were closer to 2001, when there were 3,813 starts.

Durham Region benefits from relative housing affordability compared to its GTA neighbours. CMHC reports the average selling price of homes in Durham Region during 2008 was $275,000, compared to a GTA average of $379,000.

Rising construction costs and land limitations provide incentives to shift construction to less expensive home types and areas where more land is available. New homebuyers continue to look to Durham Region, with its competitive relative pricing. The quality of life available in Durham Region is also attractive to buyers.

Durham Region Housing Starts
2004 to 2008



Source: Canada Mortgage and Housing Corporation (CMHC)

Durham College and the University of Ontario Institute of Technology (UOIT)

Durham College strives to offer students increased opportunities and unique educational pathways, and takes pride in offering programs and training that continue to meet the employment needs of the Region and beyond. A factor in the college's success is an ability to identify emerging and growing sectors where new programs and training are critical to meet employer needs.

The college's full-time enrolment is over 6,000 students with thousands of part-time students and more than 42,000 alumni. In 2008, 2,434 students graduated with market-ready skills and qualifications from full-time programs. With the addition of UOIT as a campus educational partner, students access new academic options, including bridging programs that allow students to move from college to university in pursuit of career goals.

The continued expansion of UOIT is also positive from an economic development perspective. The University, founded in 2002, now has more than 5,500 undergraduate students and 100 graduate students, 284 full-time staff and 363 contract positions as it continues its growth plan. UOIT is estimated to generate over $1 billion in personal income by 2011 through capital projects, employment, and other operating expenditures, with the majority spent locally on housing, taxes, goods and services. In addition to offering close to 60 undergraduate and graduate programs, the University's many research partnerships play a direct role in the economy, supporting existing industry, and attracting knowledge-intensive industries.

Commissioner of Finance and Treasurer's Report
Financial Management

Financial Management Controls

The Region of Durham maintains internal administrative and accounting controls to ensure that financial information is reliable and relevant and that the Region's assets are safeguarded. Management systems are in place for accounting, business planning and budgeting, an internal audit function, as well as other internal controls. These provide assurance that transactions are appropriately authorized and recorded accurately, that assets are secured and accounted for, and that the integrity and completeness of financial records are maintained.

The Region maintains an internal audit control function through an audit committee comprised of the Office of the Commissioner of Finance (includes involvement of the Treasurer and senior audit positions as required) and the CAO and Regional Chair, who meet at least annually on audit results, and any management or control issues. Independent external audit processes are also conducted periodically by external auditor Deloitte & Touche LLP, at the discretion of this senior management group, who review findings, and where necessary, implement appropriate corrective actions or improvements under appropriate reporting mechanisms.

The Region's Purchasing By-law and Budget Management Policy, with other Regional policies and Provincial legislation, govern the fiscal responsibilities of the Regional administration. Regional By-laws prescribe purchasing, accounting, investment, risk management and debt policies and procedures that ensure effective and clear guidelines for expenditures and the requisition of goods and services.

The Budget Management Policy, for example, addresses the balance between Regional expenditures and the availability of funding. Budget Management and Purchasing policies provide an accountability framework to establish the extent of authority for spending decisions, both planned and unplanned, and outline the discretion permitted in those spending decisions, delegated by Regional Council.

Durham Region's commitments to long-term financial planning and sound fiscal policies provide a solid foundation for financial management and promote a healthy capital financing structure. The Region's 'pay-as-you-go' financing philosophy, low levels of debt, strong reserve and reserve fund strategies, and 'growth-pays-for-growth' development finance policy contribute to the Region's fiscal strength.

Sound Financial Planning

Growth adds significantly to the financial pressures being faced by the Region, which must respond to increased demands for Regional services, and higher costs for Regional infrastructure, such as Regional transportation (Regional roads infrastructure and transit), solid waste management, water supply and sanitary sewerage, long-term care facilities, police infrastructure and new emergency medical services capital, such as stations, vehicles and equipment.

In dealing with these inevitable cost pressures, the Region relies on its long record of sound financial planning, based upon prudent assumptions. A long-time commitment to up-front financing and maintenance of strong reserves and reserve funds and a low burden of debt enhances the Region's flexibility and its ability to meet financial obligations.

In addition, the Region's Asset Management program provides comprehensive information regarding the inventory, condition, replacement value, and long-term capital requirements of the Region's roads, water and sewer infrastructure and ensures that rehabilitation requirements are adequately funded.

The Regional Corporation is committed to responding to growth demands in a fiscally responsible manner with timely infrastructure developments.

The Regional Business Planning Cycle

Regional Council establishes pre-budget guidelines for annual operating and capital expenditures and financing based upon a multi-year budget forecast provided by Finance staff. The annual "Five-year Economic and Financial Forecast and Budget Guidelines" report provides Regional Council with preliminary five-year financial requirements, as well as potential financing. Regional staff also complete separate annual servicing and financing studies, including multi-year expenditure forecasts for areas of Regional roads, transit, social housing, water supply and sanitary sewerage and solid waste management.

The Business Planning and Budget Cycle commences with the prioritization of strategic actions under the Durham Region Strategic Plan 2009-2014. With a focus upon results, all Regional Business Plans and Budgets balance strategic actions with available financing. Intertwined with multi-year forecasts, detailed business plans and budgets, performance measures and the reprioritization of programs and service levels, objectives and priorities are prudently implemented within a sound fiscal framework, focusing on realistic, timely program and infrastructure priorities. The Business Planning Cycle enhances the Region's commitment to transparency and accountability.

Moody's Investors Service
Credit Analysis, April 2008

"Durham's track record of consistently generating strong operating results reflects prudent management practices and the utilization of five-year economic and financial forecasts, updated annually, to guide the development of annual operating and capital budgets. The forecasts are conservative by nature, covering various risk scenarios, and facilitate the prudent management of cost pressures and far-sighted decision making."

The Region's Tangible Capital Asset Project

Regional staff continue to gather required tangible capital asset information, and develop and test policies and procedures to address the treatment of tangible capital assets. Staff are also developing on-going processes for the management of tangible capital assets to ensure compliance with the Canadian Institute of Chartered Accountants Public Sector Accounting Board guidelines.

As required, the Region will report the historical cost and the accumulated amortization of tangible capital assets in its 2009 Consolidated Financial Statements. This mandatory project will be coordinated with the established Regional Asset Management program and strategy already established to ensure an understanding of on-going requirements and ensure that assets are safely and efficiently maintained and replaced at the end of their useful lives through adequate replacement funding.

For 2008, Public Sector Guideline 7 requires disclosure of tangible capital asset information in the Notes to the Consolidated Financial Statements where reliable information is available. While working towards compliance, as at December 31, 2008, the Region did not have detailed tangible capital asset information to disclose.

Business Planning Cycle

Commissioner of Finance and Treasurer's Report
Financial Management

Regional Asset Management Program

The Region's water supply, sanitary sewerage and transportation assets were estimated at the end of 2008 to have a replacement value of approximately $8 billion. This estimated asset value is an important element in gaining an understanding of the magnitude of assets owned by the Region, as well as the on-going requirements to safely and efficiently maintain these assets and ultimately replace them at the end of their useful lives.

There is also a continuous requirement to invest in new infrastructure due not only to continuous steady growth experienced by Durham Region, but also due to increasing quality standards and provincial regulatory requirements. The financing sources for the rehabilitation and replacement of capital infrastructure have historically been limited to user revenue for water and sewer and general tax levy for roads and other Regional infrastructure. In 2008, the Provincial government announced one-time infrastructure funding of $28.4 million from the 2006/2007 Provincial surplus arising from the *Investing in Ontario Act*, which will benefit the Region's infrastructure programs.

The Region's financing policies encourage long-term infrastructure planning and the accumulation of funds for future known major projects. These policies were successfully applied in the financing of the Courtice Water Pollution Control Plant with a $50 million upfront contribution from the Sewer Treatment Plant/Rate Stabilization Reserve Fund for the replacement component. The Region's financial strategies aim to lower debt costs, provide financial flexibility and liquidity and support financing for effective asset maintenance programs and compliance with new regulatory measures, including the Safe Drinking Water Act.

Reserve and Reserve Fund Management

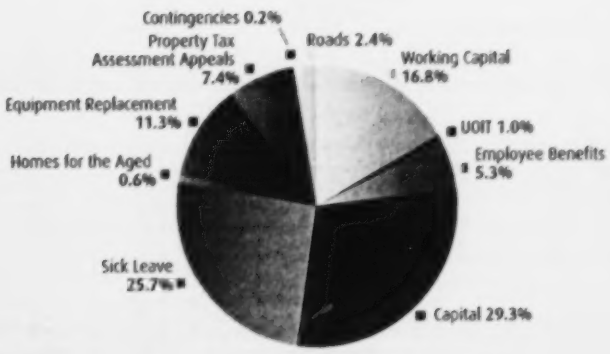
Recognizing their importance to the overall financial strategy, the Region continues to maintain solid reserve and reserve fund positions, ensuring maximum flexibility, minimal impacts from growth and future liabilities, and a solid foundation for the Region's 'pay-as-you-go' financing philosophy. This policy and the Region's 'growth-pays-for-growth' development finance policy are reflected in the Region's long-standing 'Triple A' credit ratings.

Regional reserve and reserve fund balances are continuously monitored to ensure they are adequate for present and future requirements. The majority of the Region's reserves and reserve funds are committed towards financing future capital construction costs for water supply, sanitary sewerage, Regional roads, solid waste management and future liabilities. Reserve and Reserve Funds, at December 31, 2008, totaled $489.1 million compared to $410.6 million in 2007, an increase of 19.1 percent. The increase includes strategic contributions to fund future capital requirements.

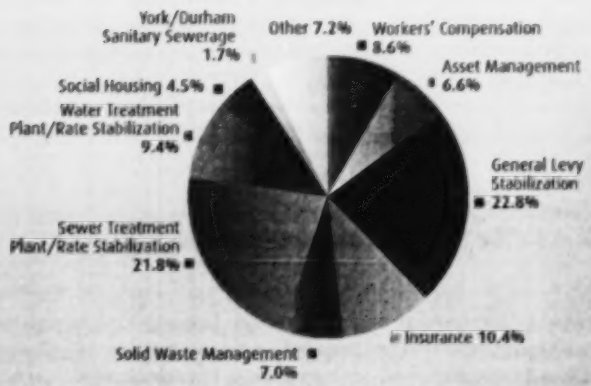
At the end of 2008, the Region's reserves totaled $197.9 million, an increase in value of $33.3 million or 20.2 percent compared to $164.6 million in 2007. Reserve funds totaled $291.2 million in 2008, an increase of 18.4 percent, compared to the balance of $246.1 million in 2007.

The Region of Durham maintains a General Levy Stabilization Reserve Fund for tax stabilization purposes and to guard against risks of significant unforeseen expenditures. The Asset Management Reserve Fund supports the maintenance, upgrade and replacement of aging Regional infrastructure.

2008 Reserves
$197.9 million



2008 Reserve Funds
$291.2 million



Canadian Award for Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a fifth consecutive Canadian Award for Financial Reporting to the Regional Municipality of Durham for its annual financial report for the fiscal year ended December 31, 2007. The Canadian Award for the Financial Reporting program was established to encourage municipal governments to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports.

In order to be awarded a Canadian Award for Financial Reporting, a government unit must publish an easily readable and efficiently organized annual financial report, whose contents conform to program standards. Such reports should go beyond the minimum requirements of Generally Accepted Accounting Principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal government and address user needs.

Commissioner of Finance and Treasurer's Report
Financial Management

Financial Accountability

Financial accountability to taxpayers is an objective at the heart of all Regional corporate strategies and the Durham Region Strategic Plan 2009-2014. Durham is in compliance with all guidelines that are established by the Municipal Performance Measurement Program (MPMP), a Province-wide program requiring municipalities to report on measures that reflect the efficiency and effectiveness of public services. Durham Region is also an active member of the Ontario Municipal CAO's Benchmarking Initiative (OMBI), a voluntary project to identify and share best practices of service efficiency and quality in Ontario Municipalities.

Financial Statements and Management

The Consolidated Financial Statements and related information in this annual report, their preparation and integrity, are the responsibility of the management of the Corporation of the Regional Municipality of Durham and have been prepared in accordance with accounting policies that conform to local government accounting standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. Where the determination of assets and liabilities depend upon future events, amounts are based upon reasonably determined estimates and judgements. Financial data presented elsewhere in the Annual Report is consistent with that of the Consolidated Financial Statements.

Durham Region Council has the sole authority to allocate funds through the approval of operating and capital business plans and budgets. Management maintains systems for accounting, business planning and budgeting, an internal audit function, as well as other internal controls, to provide assurance that transactions are appropriately authorized and recorded, that assets are secured and accounted for and that the integrity and completeness of financial records are maintained.

The 2008 Consolidated Financial Statements, Notes to the Consolidated Financial Statements, Supporting Schedules, and the Trust Funds Financial Statements and Notes to the Trust Funds Financial Statements have been independently audited. The Region is required by the Municipal Act to engage independent auditors to express an opinion as to whether our financial statements present the Region's financial position and operating results fairly in all material respects.

Deloitte & Touche LLP fulfill this audit function as evidenced by the audit reports included in this document. Other professional financial services to the Region are provided by the Royal Bank of Canada (Banker) and RBC Dominion Securities Inc. and CIBC World Markets (Fiscal Agents).

In closing, I would like to acknowledge the dedication and hard work of the Financial Management Team who, with their staff, ensure the provision of accurate and timely financial information to Regional Council, Standing Committees, the CAO, other departments and stakeholders.

R. J. Clapp, CA
Commissioner of Finance and Treasurer
June 30, 2009

Durham's 'Triple A' Credit Ratings Reconfirmed

In 2008, both Standard & Poor's and Moody's Investors Service reaffirmed the Region's financial strengths, upholding Durham's long-standing 'Triple A' credit rating for the Region's long-term debentures. This highest rating category places Durham in a select group of municipalities with exemplary reputations in the investment community and who are leaders in fiscal responsibility and integrity.

Moody's Investors Service
Credit Analysis, April 2008

"The Regional Municipality of Durham's debt rating of Aaa reflects a commitment to multi-year planning by management that has succeeded in maintaining a low debt burden and high levels of reserves. The rating also takes into account strong assessment growth and increasing economic diversification...The outlook for Durham's Aaa rating is stable. Durham is well positioned to manage challenges posed by the potential for a prolonged economic slowdown."

Standard & Poor's Ratings Direct
Credit Analysis, July 2008

"Supporting the ratings are very manageable and stable debt levels. Durham has maintained its debt at about 30% of operating revenues in the past three years to 2006, which is very close to that of similarly rated domestic peers. The Region should maintain this debt level until 2009, after which it could decrease. Its debt service is also manageable at about 3% of total revenues."

Financial Management Team

Finance Department

R. J. Clapp, CA
Commissioner of Finance and Treasurer

P. N. Richards, BBA, MBA
Director of Business Planning, Budgets & Risk Management

M. E. Simpson, BA, MA, CMA
Director of Financial Planning and Purchasing

D. W. Beaton, BAS
Director of Financial Information Management Services

J. M. Cermak, CA
Director of Financial Services

R. A. Crystal, CMA
Manager of Business Plans and Budgets

S. Coward, BA, FCIP, CRM
Manager of Insurance and Risk Management

L. Birkett, CPP, AMCT
Manager of Purchasing

D. Dzikewicz, MBA
Manager of Accounting

K. Facca
Manager of Collections and Customer Service

J. Fice, CA
Manager of Financial Reporting and Analysis

T. Jones, BBA, CPP
Manager of Materials and Office Services

S. Simpson, CMA
Manager of Applications

K. Williamson, CISA
Manager of Technology

2008 Annual Report

The Regional Municipality of Durham
Ontario, Canada

Consolidated Financial Statements and Auditors' Report

for the year ended December 31, 2008

Deloitte.

Deloitte & Touche LLP
5140 Yonge Street
Suite 1700
Toronto ON M2N 6L7
Canada

Tel: 416-601-6150
Fax: 416-601-6151
www.deloitte.ca

Auditors' Report

To the Members of Council, Inhabitants
and Ratepayers of the Corporation of the
Regional Municipality of Durham

We have audited the consolidated statement of financial position of the Corporation of the Regional Municipality of Durham as at December 31, 2008 and the consolidated statements of financial activities and fund balances and of changes in financial position for the year then ended. These financial statements are the responsibility of the Region's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the Regional Municipality of Durham as at December 31, 2008 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants
May 15, 2009

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Consolidated Statement of Financial Position

December 31, 2008
(in thousands of dollars)

	2008	2007
ASSETS		
Financial Assets		
Cash	$ 21,388	$ 13,051
Investments (Note 3)	1,130,847	949,602
Accounts receivable	54,705	52,372
Other assets	853	916
Debenture debt recoverable from local municipalities and school boards (Note 4)	168,239	166,133
	1,376,032	1,182,074
LIABILITIES		
Accounts payable and accrued liabilities	154,715	173,080
Deferred revenue - Schedule 5	366,390	257,473
Debenture debt (Note 4)	353,583	365,931
Employee benefits and post-employment liabilities (Note 6)	120,538	114,228
Landfill closure and post closure liabilities (Note 7)	8,640	9,864
	1,003,866	920,576
NET FINANCIAL ASSETS	$ 372,166	$ 261,498
MUNICIPAL POSITION		
Capital Fund - Schedule 2	$ 185,549	$ 164,298
Reserves and Reserve Funds - Schedule 3 (Note 5)	489,109	410,633
Fund balances	674,658	574,931
Amounts to be recovered in future years (Note 8)		
From Reserves and Reserve Funds	(64,484)	(51,912)
From future revenue	(238,008)	(261,521)
	(302,492)	(313,433)
MUNICIPAL POSITION	$ 372,166	$ 261,498

The accompanying notes and schedules are an integral part of these financial statements.

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Consolidated Statement of Financial Activities and Fund Balances

Year ended December 31, 2008
(in thousands of dollars)

	2008		2007
	Budget (Note 15)	Actual	Actual
REVENUES			
Property taxes	$ 457,172	$ 472,972	$ 432,056
User charges			
Water and sewer	120,727	122,841	118,289
Other	109,096	110,020	105,863
Government transfers			
Canada	12,226	12,228	11,800
Ontario	173,659	171,149	167,231
Deferred revenue earned - Schedule 5	67,428	35,019	59,939
Fines (Note 13)	6,100	6,292	5,900
Contributions from developers	-	780	67
Other	6,763	55,518	44,728
TOTAL REVENUES	953,171	986,819	945,873
EXPENDITURES - Schedules 1 & 2			
General government	36,528	36,820	33,375
Protection to persons and property	198,080	170,431	160,563
Transportation services	76,044	64,360	69,791
Transit	62,168	71,497	79,244
Environmental services	232,507	191,564	225,428
Health services	68,592	65,361	60,744
Social and family services	222,727	217,592	210,099
Social housing	52,649	51,217	51,715
Planning and development	7,159	7,309	6,269
TOTAL EXPENDITURES	956,454	876,151	897,228
NET REVENUES (EXPENDITURES)	(3,283)	110,668	48,645
FINANCING ACTIVITIES			
Debt issued for Regional purposes	40,551	-	-
Regional debenture principal repayments	(14,443)	(14,454)	(13,708)
Increase in unfunded employee benefits and post-employment liabilities (Note 6)	-	4,737	5,599
(Decrease) increase in landfill closure and post closure liabilities (Note 7)	-	(1,224)	772
(DECREASE) INCREASE IN AMOUNTS TO BE RECOVERED IN FUTURE YEARS	26,108	(10,941)	(7,337)
CHANGE IN FUND BALANCES	22,825	99,727	41,308
FUND BALANCES, BEGINNING OF YEAR		574,931	533,623
FUND BALANCES, END OF YEAR		$ 674,658	$ 574,931

The accompanying notes and schedules are an integral part of these financial statements.

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Consolidated Statement of Changes in Financial Position

Year ended December 31, 2008
(in thousands of dollars)

	2008	2007
OPERATIONS		
Net revenues	$ 110,668	$ 48,645
Uses		
Increase in accounts receivable	(2,333)	-
Decrease in accounts payable and accrued liabilities	(18,365)	-
Decrease in landfill closure and post closure liabilities	(1,224)	-
	(21,922)	-
Sources		
Decrease in accounts receivable	-	17,393
Decrease in other assets	63	63
Increase in accounts payable and accrued liabilities	-	9,601
Increase in deferred revenue	108,917	14,772
Increase in employee benefits and post-employment liabilities	6,310	6,901
Increase in landfill closure and post closure liabilities	-	772
	115,290	49,502
Net increase in cash from operations	204,036	98,147
INVESTING		
Net increase in investments	(181,245)	(86,246)
FINANCING		
Decrease in net debenture debt	(14,454)	(13,708)
NET INCREASE (DECREASE) IN CASH	8,337	(1,807)
CASH, BEGINNING OF YEAR	13,051	14,858
CASH, END OF YEAR	$ 21,388	$ 13,051

The accompanying notes and schedules are an integral part of these financial statements.

1. MUNICIPAL STRUCTURE

The Corporation of the Regional Municipality of Durham (the "Region") came into existence on October 15, 1973 and assumed its responsibilities on January 1, 1974, under authority of the *Regional Municipality of Durham Act, 1973,* and operates as an upper tier government in the Province of Ontario, Canada.

The Region comprises the following local municipalities:

- Town of Ajax
- Township of Brock
- Municipality of Clarington
- City of Oshawa
- City of Pickering
- Township of Scugog
- Township of Uxbridge
- Town of Whitby

Within these local municipalities, the Region provides a wide range of services, which reflect the major organizational divisions and service offerings provided to stakeholders. The services are classified by the following segments:

General Government

This segment consists of the following administrative departments: Regional Council, Offices of the Regional Chair, CAO, Clerks, Finance, Legal, Human Resources, Planning and Economic Development and Tourism. In addition to the governmental operation, the services of this segment include Regional official plan formulation and administration, regional development and promotion, and administrative and financial support, including debt issues and property tax policy.

Protection to Persons and Property

This segment includes Police Services, Conservation Authorities, Emergency Management, Fire Co-ordination, 911 emergency telephone services, and the administration, prosecution and collection of fines under the *Provincial Offences Act.*

Roadways

This segment consists of the planning, design, construction and maintenance of Regional roads, including winter control, and associated traffic signal systems and controls.

Transit

Durham Region Transit Commission ("DRT") is an integrated public transit system serving all communities in Durham Region.

1. MUNICIPAL STRUCTURE (CONTINUED)

Environmental Services
This segment includes:

- Solid Waste Management – solid waste collection (in all local municipalities with the exception of the City of Oshawa and the Town of Whitby), disposal, and diversion and recycling programs;
- Water Supply - supply, treatment and distribution of water; and,
- Sanitary Sewerage – sewage collection and treatment, and the maintenance of regional storm sewers.

Health Services
Services provided include public health programs targeted at the prevention of disease, health promotion and protection as well as land ambulance services.

Social and Family Services
The following services are included in this segment: Income and Employment Support, Long-term Care and Services for Seniors, Children's Services, and Family Services.

Social Housing
This segment is responsible for the provision, in partnership with the community, of subsidized housing, rent supplement programs and homelessness shelters.

2. SUMMARY OF ACCOUNTING POLICIES

The consolidated financial statements of the Region are representations of management prepared in accordance with generally accepted accounting principles for local government as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants.

The focus of PSAB financial statements is on the financial position of the Region and changes thereto. The Consolidated Statement of Financial Position reports financial assets and liabilities. Financial assets are available to provide resources to discharge existing liabilities or finance future operations. Municipal position represents the financial position of the Region and is the difference between financial assets and liabilities. This information explains the Region's overall future revenue requirements and its ability to finance activities and meet its obligations.

(a) Reporting Entity

i. The consolidated financial statements reflect financial assets, liabilities, revenues and expenditures of the Operating Fund, Reserves, Reserve Funds, and Capital Fund of the Region. These consolidated financial statements include the Durham Regional Police Services Board, DRT, and the Durham Regional Local Housing Corporation ("DRLHC") as these entities are controlled by the Region. Operations of other social housing providers are not consolidated in these financial statements as the Region does not exercise control over them. Funding paid to these providers is recorded as Social Housing expenditures in the Consolidated Statement of Financial Activities and Fund Balances.

2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

ii. Trust Funds administered by the Region are not included in these consolidated financial statements. Trust Funds are disclosed separately in the Trust Funds Statement of Financial Activities and Fund Balances and the Trust Funds Statement of Financial Position.

(b) Basis of Accounting

i. Accrual Basis of Accounting

Expenditures and related sources of financing are reported using the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which transactions or events occurred that gave rise to the revenues; expenditures are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due. Transactions between funds are recorded as inter-fund transfers in the supporting schedules, and are eliminated on the Consolidated Statement of Financial Position and the Consolidated Statement of Financial Activities and Fund Balances.

ii. Tangible Capital Assets

The historical cost and accumulated depreciation of tangible capital assets are not reported for municipal purposes. Tangible capital assets are reported as expenditures in the Consolidated Statement of Financial Activities and Fund Balances in the year of acquisition.

iii. Pension and Employee Benefits

The Region accounts for its participation in the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer public sector pension fund, as a defined contribution plan. The OMERS plan specifies the retirement benefits to be received by employees based on length of service and pay rates.

Employee benefits include vacation entitlements, sick leave benefits and certain post-employment benefits. Vacation entitlements are accrued as entitlements are earned. Sick leave benefits and other post-employment benefits are subject to actuarial valuations and are accrued in accordance with the projected benefit method, prorated on service and management's best estimate of salary escalation and retirement ages of employees. Any actuarial gains and losses related to past service of employees are amortized over the expected average remaining service life of the employee groups.

iv. Deferred Revenue

Government transfers of gas taxes, other conditional grants, and development charges collected under the Development Charges Act, 1997, are reported as deferred revenue in the Consolidated Statement of Financial Position. These amounts will be recognized as revenues in the period in which related expenditures are incurred.

v. Investments

Investments consist of bonds and money market notes and are recorded at the lower of cost plus accrued interest and market value.

2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

vi. Government Transfers

Government transfers are recognized in the period in which the events giving rise to the transfers occur, providing the transfers are authorized, eligibility criteria are met, and reasonable estimates of the amounts can be made. Significant transfers recognized as revenue include Social Assistance, Children's Services, Health Services, Services for Seniors and Emergency Medical Services cost shared programs. Significant transfers recognized as expenditures include Social Assistance payments to individuals and payments to Social Housing providers.

vii. Use of Estimates

The preparation of the consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts in the consolidated financial statements and accompanying notes. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.

viii. Segment Disclosure

For the segments identified, revenues and expenditures represent amounts that are directly attributable to the segment, and amounts that can be allocated on a reasonable basis. Items which are corporate in nature and not subject to allocation are identified as unallocated. The accounting policies used in these segments are consistent with those noted above.

3. INVESTMENTS

Investments have a book value of $1,131,238 (2007 – $949,881) and a market value of $1,130,847 (2007 – $949,602).

4. DEBENTURE DEBT

(a) Debenture debt reported on the Consolidated Statement of Financial Position is made up of the following:

	2008	2007
Total debenture debt incurred	$ 353,583	$ 365,931
Less debenture debt recoverable from local municipalities and school boards	(168,239)	(166,133)
Net Regional debenture debt	$ 185,344	$ 199,798

4. DEBENTURE DEBT (CONTINUED)

Interest rates for the debenture debt range from 2.65 percent to 10 percent, with maturities between June 2009 and October 2028. Local municipalities and school boards assumed responsibility for payment of principal and interest charges for a portion of the debenture debt. The Region is contingently liable for these debentures.

(b) The net Regional debenture debt principal repayments required over the next five years are as follows:

	2009	2010	2011	2012	2013
Water Supply Operation	$ 4,040	$ 4,281	$ 4,532	$ 2,815	$ -
Sanitary Sewerage Operation	4,925	4,637	4,791	4,959	5,139
Homes for the Aged	4,767	16,078	3,417	2,959	3,129
General Government	1,519	1,606	1,699	1,796	1,900
	$ 15,251	$ 26,602	$ 14,439	$ 12,529	$ 10,168

These payments are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

(c) Total interest charges for net Regional debenture debt reported on the Consolidated Statement of Financial Activities and Fund Balances are $10,934 (2007 - $11,705).

5. RESERVES AND RESERVE FUNDS

Reserves and Reserve Funds set aside for specific purposes by Council are comprised as follows:

	2008	2007
Reserves		
Working capital	$ 33,156	$ 31,435
Property tax assessment appeals	14,642	12,840
Equipment replacement	22,315	18,231
Regional roads	4,714	4,211
Contingencies	400	400
Sick leave	50,926	39,123
Capital	58,018	50,045
Homes for the aged	1,133	1,133
Employee benefits	10,575	5,161
University of Ontario Institute of Technology	1,996	1,991
Total Reserves	197,875	164,570
Total Reserve Funds (Schedule 4)	291,234	246,063
Total Reserves and Reserve Funds (Schedule 3)	$ 489,109	$ 410,633

6. EMPLOYEE BENEFITS AND POST-EMPLOYMENT LIABILITIES

The Region provides certain employee benefits that require funding in future periods. These benefits include sick leave, extended health and dental, and benefits mandated under the *Workplace Safety and Insurance Act.* The accrued benefit liability and expense amounts are based on actuarial valuations performed at December 31, 2006, updated to December 31, 2008. These benefits are comprised of:

	2008	2007
Sick leave benefits	$ 62,389	$ 59,626
Post-employment benefits	44,591	41,813
Workplace safety and insurance benefits	13,558	12,789
Total employee benefits and post-employment liabilities	120,538	114,228
Less: post retirement liability recognized for existing retirees	(12,030)	(10,457)
Total employee benefits and post-employment liabilities to be recovered in future years	$ 108,508	$ 103,771

Significant management assumptions used in the actuarial valuations are:

Discount rate	5-6 percent
Inflation rate	2-3 percent
Dental benefit cost escalation	5 percent
Medical benefit cost escalation	10 percent reducing to 5 percent over 15 years

6. EMPLOYEE BENEFITS AND POST-EMPLOYMENT LIABILITIES (CONTINUED)

(a) Sick Leave Benefits

Employees accrue sick leave benefits for future use. In addition, certain sick leave benefit plans provide for accumulation of unused benefits and employees may become entitled to a cash payment when they leave the Region's employment. Liabilities for these two components of sick leave benefits are determined by actuarial valuation, the results of which are:

	2008	2007
Liability for sick leave benefits		
Accrued benefit obligation - beginning of year	$ 57,392	$ 54,651
Current period benefit cost	4,818	4,463
Interest on accrued benefit obligation	2,871	2,733
Benefit payments	(4,746)	(4,455)
Accrued benefit obligation - end of year	60,335	57,392
Unamortized actuarial gains	2,054	2,234
Liability for sick leave benefits	$ 62,389	$ 59,626
Sick leave benefit expense		
Current period benefit costs	$ 4,818	$ 4,463
Interest on accrued benefit obligation	2,871	2,733
Amortization of actuarial gains	(180)	(181)
Total sick leave benefit expense	$ 7,509	$ 7,015

The actuarial gains are amortized over the expected average remaining service life of 11 to 15 years.

6. EMPLOYEE BENEFITS AND POST-EMPLOYMENT LIABILITIES (CONTINUED)

(b) Post-Employment Benefits

The Region provides continued benefits to qualifying employees following retirement. Benefit entitlement ceases at age 65, with exception of Police Service employees whose entitlement ceases at age 70 and certain Transit employees whose coverage is maintained for life. The results of the update of the most recent actuarial valuation are as follows:

	2008	2007
Liability for post-employment benefits		
Accrued benefit obligation - beginning of year	$ 47,732	$ 45,613
Current period benefit cost	2,058	1,886
Interest on accrued benefit obligation	2,384	2,277
Benefit payments	(2,162)	(2,044)
Accrued benefit obligation - end of year	50,012	47,732
Unamortized actuarial losses	(5,421)	(5,919)
Liability for post-employment benefits	$ 44,591	$ 41,813
Post-employment benefit expense		
Current period benefit costs	$ 2,058	$ 1,886
Interest on accrued benefit obligation	2,384	2,277
Amortization of actuarial losses	498	499
Total post-employment benefit expense	$ 4,940	$ 4,662

The actuarial losses are amortized over the expected average remaining service life of 11 to 15 years.

6. EMPLOYEE BENEFITS AND POST-EMPLOYMENT LIABILITIES (CONTINUED)

(c) Workplace Safety and Insurance Board (WSIB) Benefits

The Region is a Schedule II employer under the *Workplace Safety and Insurance Act* and follows a policy of self-insurance for employees. Accordingly, the Region assumes liability for awards made under the Act, reimbursing the Workplace Safety and Insurance Board for costs relating to its workers' claims. The results of the update of the most recent actuarial valuation are as follows:

	2008	2007
Liability for WSIB		
Accrued benefit obligation - beginning of year	$ 14,541	$ 13,123
Current period benefit cost	2,328	3,340
Interest on accrued benefit obligation	721	675
Benefit payments	(2,585)	(2,597)
Accrued benefit obligation - end of year	15,005	14,541
Unamortized actuarial losses	(1,447)	(1,752)
Liability for WSIB	$ 13,558	$ 12,789
WSIB expense		
Current period benefit costs	$ 2,328	$ 3,340
Interest on accrued benefit obligation	721	675
Amortization of actuarial losses	305	305
Total WSIB expense	$ 3,354	$ 4,320

The actuarial losses are amortized over the mean term of the liabilities, which is 10 years.

7. LANDFILL CLOSURE AND POST CLOSURE LIABILITIES

The Region owns and operates one active landfill site and six closed landfill sites. The total estimated cost (using a discount factor of 6 percent less an estimated inflation factor of 3 percent) for closure and post closure care is $9,398 (2007 - $10,626). The amount reported on the Consolidated Statement of Financial Position is $8,640 (2007 - $9,864) and the amount remaining to be recognized is $758 (2007 - $762).

The Region is responsible for post closure care at the closed sites, which includes monitoring of ground and surface water, leachate and gas, ongoing maintenance and annual reporting, for a period of 40 years. Closure costs include final cover and vegetation, drainage control features, leachate control or monitoring systems, water quality monitoring systems, gas monitoring and recovery, land acquisition (buffer zones), site remediation, and site closure reports.

The liability for closure and post closure care is recognized as capacity of each site is used. For closed sites, 100 percent of the liability is recognized. It is estimated that the remaining capacity of 752,000 cubic metres (2007 – 756,000 cubic metres) at the active site will provide landfill disposal capacity for an additional 85 years (2007 – 86 years).

8. AMOUNTS TO BE RECOVERED IN FUTURE YEARS

Future years' recoveries represent the requirement of the Region to raise funds in subsequent periods to finance unfunded liabilities.

	2008	2007
Unfunded employee benefits and post-employment liabilities	$ 108,508	$ 103,771
Solid waste landfill closure and post closure liabilities	8,640	9,864
Net Regional debenture debt	185,344	199,798
Total future years recoveries	302,492	313,433
Funding available from Reserves and Reserve Funds		
Sick leave reserve	50,926	39,123
Workers' compensation reserve fund	13,558	12,789
	64,484	51,912
Amounts to be recovered from future revenue	$ 238,008	$ 261,521

A portion of the amounts to be recovered in future years will be recovered from deferred revenues earned.

9. PENSION CONTRIBUTIONS

The Region contributed $21,817 (2007 - $21,066) to OMERS on behalf of 4,717 employees for current service. Contributions by employees were a similar amount. The Region's contributions are included on the Consolidated Statement of Financial Activities and Fund Balances classified under the appropriate functional expenditure headings.

10. CONTRACTUAL OBLIGATIONS

(a) Sanitary Sewerage System

The Regional Municipality of Durham and the Regional Municipality of York jointly own certain sanitary sewerage systems and have entered into a joint operating agreement, whereby Durham operates and maintains these facilities. Each co-owner is responsible for its share of operating costs based on actual sewerage flows.

(b) Lease Commitments

The Region has commitments under various building lease agreements expiring in 2009 to 2013. These operating leases require approximate annual rental payments for the next five years as follows:

2009	$ 2,181
2010	1,894
2011	1,327
2012	582
2013	427
Total	$ 6,411

(c) Capital Works Commitments

The Region has contractual obligations for capital works of approximately $25,107 (2007 - $24,439). Financing for these commitments has been approved by Regional Council.

11. CONTINGENCY

The Region has been named as defendant in certain legal actions in which damages have been sought. The outcome of these actions is not determinable as at December 31, 2008, and accordingly, no provision has been made in these financial statements for any liability that may result.

12. SOCIAL HOUSING REFORM ACT

Effective January 1, 2001, under the provisions of Bill 128 the Province of Ontario transferred the social housing units of the Ontario Housing Corporation located in the Region to the DRLHC, under the provisions of the *Ontario Business Corporations Act*, with the Regional Municipality of Durham as the sole shareholder. Financial activities of the DRLHC are reported in these consolidated financial statements.

Income producing properties acquired as a result of the transfer were originally financed by the Province of Ontario through general obligation provincial debentures. At the time of the transfer of ownership of the DRLHC to the Region, the Province did not transfer the responsibility for the repayment of the debentures. Accordingly, neither the value of the income producing properties nor the value of the related provincial debentures was recorded on the DRLHC's financial statements.

13. PROVINCIAL OFFENCES ADMINISTRATION

Effective December 4, 2000, the Region assumed responsibility for administering collection of revenues arising under the *Provincial Offences Act* ("POA") from the Ministry of the Attorney General. The Region performs court support, administration and collection functions for all related fines and fees and prosecutes matters under the POA. The POA is a procedural law for administering and prosecuting provincial offences, including those committed under the *Highway Traffic Act, Compulsory Automobile Insurance Act, Trespass to Property Act, Liquor Licence Act,* municipal by-laws and minor federal offences. Offenders may pay their fines at any Provincial Offences court office in Ontario, at which time the receipts are recorded in the Integrated Courts Operation Network system ("ICON"). The Region recognizes fine revenue when the receipt of funds is recorded in ICON, regardless of the location where payment is made.

Gross revenues, consisting of fines levied under parts I and III (including delay penalties), for POA charges total $6,292 (2007 - $5,900). Net revenues amount to $1,419 (2007 - $1,364). Local municipalities share 60 percent of net revenues and the Region retains 40 percent or $568 (2007 - $546).

14. TRUST FUNDS

Trust Funds administered by the Region, totaling $706 (2007 - $798), are presented in a separate financial statement of trust fund financial position, financial activities and fund balances. As such, balances held in trust by the Region for the benefit of others have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Financial Activities and Fund Balances.

15. BUDGET AMOUNTS

The operating and capital budgets, as approved by Regional Council, for 2008 are reflected on the Consolidated Statement of Financial Activities and Fund Balances, Consolidated Schedule of Operating Fund Financial Activities and Fund Balance, and the Consolidated Schedule of Capital Fund Financial Activities and Fund Balance. The budgets established for Capital Fund operations are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual amounts. As well, the Region does not budget activity within Reserves and Reserve Funds, with the exception being those transactions, which affect either the Operating or Capital Funds. Budget figures have been reclassified for the purposes of these financial statements to comply with PSAB reporting requirements.

16. GUARANTEES

In the normal course of business, the Region enters into agreements that meet the definition of a guarantee. The Region's primary guarantees subject to the disclosure requirements include indemnities in favour of third parties, such as purchase and sale agreements, confidentiality agreements, engagement letters with advisors and consultants, outsourcing agreements, leasing contracts, information technology agreements and service agreements.

These indemnification agreements may require the Region to compensate counterparties for losses incurred by the counterparties as a result of breaches in representation and regulations or as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction. The terms of these indemnities are not explicitly defined and the maximum amount of any potential reimbursement cannot be reasonably estimated.

The nature of these indemnification agreements prevents the Region from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability, which stems from the unpredictability of future events and the unlimited coverage offered to counterparties. Historically, the Region has not made any significant payments under such or similar indemnification agreements and therefore no amount has been accrued in the Consolidated Statement of Financial Position with respect to these agreements.

17. TANGIBLE CAPITAL ASSETS

For fiscal years beginning on or after January 1, 2009, the Region will be required to report the historical cost and the accumulated depreciation of tangible capital assets in its consolidated financial statements in accordance with the Public Sector Accounting Handbook section PS 3150 – Tangible Capital Assets. The Region is currently working towards obtaining the necessary information in order to comply with PS 3150. For 2008, Public Sector Guideline 7 requires the disclosure of tangible capital asset information in the notes to the consolidated financial statements to the extent that reliable information is available. The Region is currently working on obtaining the information to implement PS 3150, however as at December 31, 2008 the Region does not have detailed tangible capital asset information to disclose.

18. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year financial statement presentation.

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Consolidated Schedule of Operating Fund Financial Activities and Fund Balance

Year ended December 31, 2008
(in thousands of dollars)

Schedule 1

	2008		2007
	Budget (Note 15)	Actual	Actual
REVENUES			
Property taxes	$ 457,172	$ 472,972	$ 432,056
User charges			
Water and sewer	120,727	122,841	118,289
Other	109,096	110,020	105,863
Government transfers			
Canada	12,226	12,228	11,800
Ontario	173,659	171,149	163,286
Deferred revenue earned - Schedule 5	12,514	12,615	9,914
Fines (Note 13)	6,100	6,292	5,900
Other	4,708	33,437	20,586
TOTAL REVENUES	896,202	941,554	867,694
EXPENDITURES			
General government	33,802	33,484	31,512
Protection to persons and property	162,634	165,876	155,947
Transportation services	27,979	30,797	26,454
Transit	50,666	51,338	48,291
Environmental services	152,564	142,668	142,723
Health services	65,850	62,013	58,862
Social and family services	219,740	214,895	206,079
Social housing	50,588	49,914	50,281
Planning and development	7,053	7,177	6,193
TOTAL EXPENDITURES	770,876	758,162	726,342
NET REVENUES	125,326	183,392	141,352
FINANCING ACTIVITIES AND TRANSFERS			
Regional debenture principal repayments	(14,443)	(14,454)	(13,708)
Increase in unfunded employee benefits and post-employment liabilities (Note 6)	-	4,737	5,599
(Decrease) increase in landfill closure and post closure liabilities (Note 7)	-	(1,224)	772
Transfer from Reserves and Reserve Funds	2,572	6,148	7,936
Transfer to Capital Fund	(57,026)	(39,868)	(44,121)
Transfer to Reserves and Reserve Funds	(56,429)	(138,731)	(98,060)
NET FINANCING ACTIVITIES AND TRANSFERS	(125,326)	(183,392)	(141,582)
CHANGE IN FUND BALANCE	-	-	(230)
FUND BALANCE, BEGINNING OF YEAR	-	-	230
FUND BALANCE, END OF YEAR	$ -	$ -	$ -

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Consolidated Schedule of Capital Fund Financial Activities and Fund Balance

Year ended December 31, 2008
(in thousands of dollars)

Schedule 2

	2008		2007
	Budget (Note 15)	Actual	Actual
REVENUES			
Deferred revenue earned - Schedule 5	$ 54,914	$ 22,404	$ 50,025
Government transfers			
Ontario	-	-	3,945
Contributions from developers	-	780	67
Other	2,055	12,168	14,261
TOTAL REVENUES	56,969	35,352	68,298
EXPENDITURES			
General government	2,726	3,336	1,863
Protection to persons and property	35,446	4,555	4,616
Transportation services	48,065	33,563	43,337
Transit	11,502	20,159	30,953
Environmental services	79,943	48,896	82,705
Health services	2,742	3,348	1,882
Social and family services	2,987	2,697	4,020
Social housing	2,061	1,303	1,434
Planning and development	106	132	76
TOTAL EXPENDITURES	185,578	117,989	170,886
NET EXPENDITURES	(128,609)	(82,637)	(102,588)
FINANCING ACTIVITIES AND TRANSFERS			
Debt issued for Regional purposes	40,551	-	-
Transfer from Operating Fund	57,026	39,868	44,121
Transfer from Reserves and Reserve Funds	31,032	64,020	47,836
NET FINANCING ACTIVITIES AND TRANSFERS	128,609	103,888	91,957
CHANGE IN FUND BALANCE	-	21,251	(10,631)
FUND BALANCE, BEGINNING OF YEAR	-	164,298	174,929
FUND BALANCE, END OF YEAR	$ -	$ 185,549	$ 164,298

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Consolidated Schedule of Reserves and Reserve Funds Financial Activities and Fund Balance

Year ended December 31, 2008
(in thousands of dollars)

Schedule 3

	2008		2007
	Budget (Note 15)	Actual	Actual
REVENUES			
Interest	$ -	$ 9,913	$ 9,881
TOTAL REVENUES	-	9,913	9,881
TRANSFERS			
Transfer from Operating Fund	56,429	138,731	98,060
Transfer to Capital Fund	(31,032)	(64,020)	(47,836)
Transfer to Operating Fund	(2,572)	(6,148)	(7,936)
NET TRANSFERS	22,825	68,563	42,288
CHANGE IN FUND BALANCE	22,825	78,476	52,169
FUND BALANCE, BEGINNING OF YEAR		410,633	358,464
FUND BALANCE, END OF YEAR		$ 489,109	$ 410,633

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Consolidated Schedule of Continuity of Reserve Funds

Year ended December 31, 2008
(in thousands of dollars)

Schedule 4

	BALANCE, BEGINNING OF YEAR	REVENUES/CONTRIBUTIONS				TRANSFERS				BALANCE, END OF YEAR
		Interest on Investments	From Operating Fund	Transfer	Total	To Operating Fund	To Capital Fund	Transfer	Total	
	$	$	$	$	$	$	$	$	$	$
Treatment plant/rate stabilization										
Sanitary sewerage	54,452	2,032	7,039	-	9,071	1	-	-	1	63,522
Water supply	21,500	809	5,088	-	5,897	1	-	-	1	27,396
Regional share of non-residential development										
Sanitary sewage works	3,900	143	-	-	143	-	-	-	-	4,043
Water supply	3,067	113	-	-	113	-	-	-	-	3,180
Solid waste management	13,716	598	6,013	-	6,611	-	-	-	-	20,327
General levy stabilization	65,960	2,464	16,758	-	19,222	1,961	16,702	-	18,663	66,519
Industrial land	1,387	42	-	-	42	58	-	1,000	1,058	371
Regional revitalisation	-	8	-	1,000	1,008	-	-	-	-	1,008
Foreign exchange	4,408	162	-	-	162	-	-	-	-	4,570
Workers' compensation	23,149	870	1,016	-	1,886	19	-	-	19	25,016
York/Durham sanitary sewerage	4,484	173	225	-	398	-	-	-	-	4,882
Insurance	13,750	481	17,535	-	18,016	1,383	-	-	1,383	30,383
Social housing	11,500	453	1,019	-	1,472	-	-	-	-	12,972
Roads rehabilitation	1,277	445	10,826	-	11,271	-	10,371	-	10,371	2,177
Asset management	18,306	845	4,733	-	5,578	-	4,693	-	4,693	19,191
Other miscellaneous reserve funds	5,207	275	3,923	-	4,198	898	2,830	-	3,728	5,677
Total	246,063	9,913	74,175	1,000	85,088	4,321	34,596	1,000	39,917	291,234

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Consolidated Schedule of Deferred Revenue

Year ended December 31, 2008
(in thousands of dollars)

Schedule 5

	BALANCE, BEGINNING OF YEAR	INCREASE IN DEFERRED REVENUE				DEFERRED REVENUE EARNED			BALANCE, END OF YEAR
		Interest	Government transfers	Development charges collected	Total	To Operating Fund	To Capital Fund	Total	
	$	$	$	$	$	$	$	$	$
Development Charges									
Residential & Non-Residential									
Sanitary sewerage	57,871	1,657	-	16,254	18,111	3,871	7,945	11,816	64,166
Water supply	115,348	3,592	-	21,110	24,702	4,028	2,317	6,345	133,705
Roads	58,807	1,386	-	20,091	21,477	-	6,740	6,740	73,544
Transit	5,282	74	-	1,362	1,436	-	530	530	6,188
Residential									
Police	5,952	230	-	728	958	-	-	-	6,910
Homes for the Aged	930	39	-	187	226	220	-	220	936
Development Charge Study	192	7	-	37	44	107	-	107	129
GO Transit	-	30	-	1,662	1,692	-	1,692	1,692	-
Emergency Medical Services	1,633	64	-	264	328	-	-	-	1,961
Development Charges	246,015	7,279	-	61,695	68,974	8,226	19,224	27,450	287,539
Gas Tax									
Federal Gas Tax	7,365	360	8,235	-	8,595	2	339	341	15,619
Provincial Gas Tax	3,976	226	7,715	-	7,941	4,387	36	4,423	7,494
Gas Tax	11,341	586	15,950	-	16,536	4,389	375	4,764	23,113
Conditional Grants									
Transit	117	552	23,325	-	23,877	-	1,793	1,793	22,201
Municipal Infrastructure	-	156	31,444	-	31,600	-	1,012	1,012	30,588
Social Housing	-	47	2,902	-	2,949	-	-	-	2,949
Conditional Grants	117	755	57,671	-	58,426	-	2,805	2,805	55,738
Total	257,473	8,620	73,621	61,695	143,936	12,615	22,404	35,019	366,390

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Consolidated Schedule of Segment Disclosure

Year ended December 31, 2008
(in thousands of dollars)

Schedule 6

	General Government	Protection to Persons and Property	Roadways	Transit	Environmental Services	Health Services	Social and Family Services	Social Housing	Unallocated	2008 Total
	$	$	$	$	$	$	$	$	$	$
REVENUES										
Property taxes	-	-	-	-	37,449	-	-	-	435,523	472,972
User charges	1,002	19,253	3,991	21,280	162,137	808	18,538	6,052	-	232,861
Government transfers	687	4,197	-	40	2,498	41,621	120,351	13,983	-	183,377
Deferred revenue earned	329	-	7,683	8,438	18,569	-	-	-	-	35,019
Fines	-	6,292	-	-	-	-	-	-	-	6,292
Contributions from developers	-	-	527	-	253	-	-	-	-	780
Other	1,508	733	5,138	321	4,625	232	2	1	42,958	55,518
TOTAL REVENUES	3,526	30,475	17,339	30,079	225,531	42,461	138,891	20,036	478,481	986,819
EXPENDITURES										
Salaries, wages and benefits	31,429	137,126	20,697	25,765	48,506	52,053	88,839	3,840	-	408,255
Operating materials and supplies	5,022	14,046	7,955	12,815	40,505	6,522	15,396	3,696	-	105,957
Contracted services	12,423	3,103	1,787	9,192	34,001	1,877	26,496	1,521	-	90,400
Rents and financial services	850	3,296	269	1,760	6,477	723	1,087	2,308	-	16,770
Government transfers	2,006	7,804	-	-	-	-	78,165	37,871	-	125,846
Capital expenditures	3,468	4,555	33,563	20,159	48,896	3,348	2,697	1,303	-	117,989
Interfunctional charges	(11,405)	101	(3)	1,796	8,498	534	(149)	628	-	-
Debenture interest	336	400	92	10	4,681	304	5,061	50	-	10,934
TOTAL EXPENDITURES	44,129	170,431	64,360	71,497	191,564	65,361	217,592	51,217	-	876,151
NET REVENUES (EXPENDITURES)	(40,603)	(139,956)	(47,021)	(41,418)	33,967	(22,900)	(78,701)	(31,181)	478,481	110,668

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Consolidated Schedule of Segment Disclosure

Year ended December 31, 2007
(in thousands of dollars)

Schedule 6 (Continued)

	General Government	Protection to Persons and Property	Roadways	Transit	Environmental Services	Health Services	Social and Family Services	Social Housing	Unallocated	2007 Total
	$	$	$	$	$	$	$	$	$	$
REVENUES										
Property taxes	-	-	-	-	33,936	-	-	-	398,120	432,056
User charges	934	19,870	4,451	19,080	166,532	628	17,739	5,918	-	234,152
Government transfers	370	3,330	-	7,414	1,696	38,683	111,319	16,229	-	179,031
Deferred revenue earned	63	-	14,167	10,968	34,494	-	237	-	-	59,929
Fines	-	5,900	-	-	-	-	-	-	-	5,900
Contributions from developers	-	-	67	-	-	-	-	-	-	67
Other	1,749	156	5,752	88	6,350	241	333	1	30,056	44,726
TOTAL REVENUES	3,116	29,256	24,457	37,550	231,988	39,552	129,628	22,148	428,176	965,873
EXPENDITURES										
Salaries, wages and benefits	29,509	127,655	16,720	25,609	46,594	48,913	64,435	4,110	-	365,545
Operating materials and supplies	5,098	13,508	6,102	10,962	40,094	6,501	13,966	3,548	-	99,779
Contracted services	11,779	2,936	1,020	8,368	37,103	1,750	25,601	1,391	-	89,927
Rents and financial services	557	3,751	459	1,283	5,495	782	969	2,259	-	15,555
Government transfers	1,476	7,602	-	-	-	-	75,747	39,005	-	123,830
Capital expenditures	1,939	4,616	43,337	30,953	82,705	1,882	4,020	1,434	-	170,886
Interfunctional charges	(11,075)	81	57	2,038	8,300	601	46	(47)	-	-
Debenture interest	361	415	96	11	5,137	316	5,315	55	-	11,706
TOTAL EXPENDITURES	39,644	160,563	69,791	79,244	225,428	60,744	210,099	51,715	-	897,228
NET REVENUES (EXPENDITURES)	(36,528)	(131,307)	(45,334)	(41,694)	6,560	(21,192)	(80,471)	(29,567)	428,176	68,645

Deloitte.

Deloitte & Touche LLP
5140 Yonge Street
Suite 1700
Toronto ON M2N 6L7
Canada

Tel: 416-601-6150
Fax: 416-601-6151
www.deloitte.ca

Auditors' Report

To the Members of Council, Inhabitants
and Ratepayers of the Corporation of the
Regional Municipality of Durham

We have audited the statement of financial position of the trust funds of the Corporation of the Regional Municipality of Durham as at December 31, 2008 and the statements of financial activities and fund balances for the year then ended. These financial statements are the responsibility of the Region's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the trust funds of the Corporation of the Regional Municipality of Durham as at December 31, 2008 and the results of their operations and their cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants
May 15, 2009

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Trust Funds: Statement of Financial Position

December 31, 2008
(in thousands of dollars)

	2008						2007
	Homes for the Aged			Social	Miscellaneous		
	Residents	Donations	Bequests	Services	Donations	Total	Total
	$	$	$	$	$	$	$
FINANCIAL ASSETS							
Cash and investments	341	161	120	8	76	706	798
FUND BALANCES	341	161	120	8	76	706	798

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Trust Funds: Statement of Financial Activities and Fund Balances

Year ended December 31, 2008
(in thousands of dollars)

	2008						2007
	Homes for the Aged			Social	Miscellaneous		
	Residents	Donations	Bequests	Services	Donations	Total	Total
	$	$	$	$	$	$	$
REVENUES							
Residents	1,154	43	-	-	-	1,197	1,328
Recipients	-	-	-	36	-	36	35
Interest earned	14	5	4	-	1	24	33
TOTAL REVENUES	1,168	48	4	36	1	1,257	1,396
EXPENDITURES ON BEHALF OF:							
Residents	1,266	26	22	-	1	1,315	1,376
Recipients	-	-	-	34	-	34	36
TOTAL EXPENDITURES	1,266	26	22	34	1	1,349	1,412
NET (EXPENDITURES) REVENUES	(98)	22	(18)	2	-	(92)	(16)
FUND BALANCES, BEGINNING OF YEAR	439	139	138	6	76	798	814
FUND BALANCES, END OF YEAR	341	161	120	8	76	706	798

The accompanying notes are an integral part of these financial statements.

1. ACCOUNTING POLICIES

The financial statements of the trust funds of the Corporation of the Regional Municipality of Durham are the representations of management prepared in accordance with Canadian generally accepted accounting principles and reflect the following policies:

Basis of Accounting:

Revenues are recorded in the period in which the transactions or events occurred that gave rise to the revenue. Expenditures are recorded in the period the goods and services are acquired and a liability is incurred.

Investments:

Investments are recorded at cost. The cost of investments approximates their fair market value.

Use of Estimates:

The preparation of the periodic financial statements in conformity with Canadian generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures during the period. Actual results could differ from these estimates.

2. STATEMENT OF CASH FLOWS

A statement of cash flows has not been included in these financial statements as the information that would be provided is readily available from the information presented.

2008 Annual Report

The Regional Municipality of Durham
Ontario, Canada

The Regional Municipality of Durham Statistical Review 2004-2008

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Statistical Review (Unaudited)

Years ended 2004-2008
(in thousands of dollars)

	2008	2007	2006	Restated 2005	2004
	$	$	$	$	$
CURRENT OPERATIONS					
Analysis of Revenues					
Property taxes	472,972	432,056	407,771	372,064	341,532
User charges					
Water and sewer	122,841	118,289	108,264	102,822	92,542
Other	110,020	105,863	99,997	76,701	75,308
Government transfers					
Canada	12,228	11,800	11,838	11,312	10,409
Ontario	171,149	163,286	142,665	130,142	113,570
Deferred revenue earned	12,615	9,914	10,247	6,949	6,493
Fines	6,292	5,900	5,540	4,744	5,495
Other	33,437	20,586	19,602	20,019	22,693
TOTAL REVENUES	941,554	867,694	805,924	724,753	668,042
Analysis of Expenditures by Object					
Salaries, wages and employee benefits	408,255	385,546	372,709	313,594	288,299
Operating and general expenditure	213,127	205,261	200,099	163,724	155,431
Government transfers	125,846	123,830	116,909	119,033	111,857
Debenture interest	10,934	11,705	12,060	12,252	8,924
TOTAL EXPENDITURES	758,162	726,342	701,777	608,603	564,511
Analysis of Expenditures by Function					
General government	33,484	31,512	31,350	36,826	26,987
Protection to persons and property	165,876	155,947	149,222	139,517	128,469
Transportation services	30,797	26,454	26,496	23,976	28,723
Transit	51,338	48,291	53,215	7,199	n/a
Environmental services	142,668	142,723	134,508	125,922	114,981
Health services	62,013	58,862	55,860	50,370	45,937
Social and family services	214,895	206,079	193,902	171,253	165,101
Social housing	49,914	50,281	51,159	47,806	48,885
Planning and development	7,177	6,193	6,065	5,734	5,428
TOTAL EXPENDITURES	758,162	726,342	701,777	608,603	564,511
NET REVENUES	183,392	141,352	104,147	116,150	103,531

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Statistical Review (Unaudited)

Years ended 2004-2008
(in thousands of dollars)

	2008	2007	2006	Restated 2005	2004
	$	$	$	$	$
CURRENT OPERATIONS (continued)					
Financing Activities and Transfers					
Debt principal repayments	(14,454)	(13,708)	(12,649)	(10,053)	(7,604)
Increase in unfunded employee benefits and post-employment liabilities	4,737	5,599	15,463	5,369	4,454
(Decrease)/Increase in landfill closure and post closure liability	(1,224)	772	1,028	4,691	102
Transfer from Reserves and Reserve Funds	6,148	7,936	13,082	39,895	19,876
Transfer to Capital Fund	(39,868)	(44,121)	(45,580)	(84,728)	(63,754)
Transfer to Reserves and Reserve Funds	(138,731)	(98,060)	(75,491)	(71,324)	(56,605)
NET FINANCING ACTIVITIES AND TRANSFERS	(183,392)	(141,582)	(104,147)	(116,150)	(103,531)
CHANGE IN FUND BALANCE	-	(230)	-	-	-
FUND BALANCE, BEGINNING OF YEAR	-	230	230	230	230
FUND BALANCE, END OF YEAR	-	-	230	230	230

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Statistical Review (Unaudited)

Years ended 2004-2008
(in thousands of dollars)

	2008	2007	2006	2005	2004
	$	$	$	$	$
CAPITAL OPERATIONS					
Analysis of Revenues					
Government transfers					
Ontario	-	3,945	21,352	-	-
Deferred revenue earned	22,404	50,025	44,995	28,811	38,364
Contributions from developers	780	67	276	1,181	670
Other	12,168	14,261	13,431	9,492	17,055
TOTAL REVENUES	35,352	68,298	80,054	39,484	56,089
Analysis of Expenditures by Function					
General government	3,336	1,863	2,199	35,576	37,419
Protection to persons and property	4,555	4,616	5,562	5,541	8,573
Transportation services	33,563	43,337	45,457	31,275	29,788
Transit	20,159	30,953	11,930	n/a	n/a
Environmental services	48,896	82,705	115,172	80,402	50,231
Health services	3,348	1,882	4,346	1,697	3,615
Social and family services	2,697	4,020	10,778	32,806	21,793
Social housing	1,303	1,434	1,584	1,103	1,876
Planning and development	132	76	95	81	148
TOTAL EXPENDITURES	117,989	170,886	197,123	188,481	153,443
NET EXPENDITURES	(82,637)	(102,588)	(117,069)	(148,997)	(97,354)
Financing Activities					
Proceeds from debentures	-	-	14,650	40,000	71,622
Transfer from Operating Fund	39,868	44,121	45,580	84,728	63,754
Transfer from Reserves and Reserve Funds	64,020	47,836	55,773	32,971	38,721
NET FINANCING AND TRANSFERS	103,888	91,957	116,003	157,699	174,097
CHANGE IN FUND BALANCE	21,251	(10,631)	(1,066)	8,702	76,743
FUND BALANCE, BEGINNING OF YEAR	164,298	174,929	175,995	167,293	90,550
FUND BALANCE, END OF YEAR	185,549	164,298	174,929	175,995	167,293

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Statistical Review (Unaudited)

Years ended 2004-2008
(in thousands of dollars)

	2008	2007	2006	2005	2004
	$	$	$	$	$
RESERVES AND RESERVE FUNDS					
Interest	9,913	9,881	7,684	5,765	4,999
TOTAL REVENUE	9,913	9,881	7,684	5,765	4,999
Transfers					
Transfer from Operating Fund	138,731	98,060	75,491	71,324	56,605
Transfer to Capital Fund	(64,020)	(47,836)	(55,773)	(32,971)	(38,721)
Transfer to Operating Fund	(6,148)	(7,936)	(13,082)	(39,895)	(19,876)
NET TRANSFERS	68,563	42,288	6,636	(1,542)	(1,992)
CHANGE IN FUND BALANCE	78,476	52,169	14,320	4,223	3,007
FUND BALANCE, BEGINNING OF YEAR	410,633	358,464	344,144	339,921	336,914
FUND BALANCE, END OF YEAR	489,109	410,633	358,464	344,144	339,921

	2008	2007	2006	Restated 2005	2004
	$	$	$	$	$
CONSOLIDATED SUMMARY					
Analysis of Revenues					
Current Operations	941,554	867,694	805,924	724,753	668,042
Capital Operations	35,352	68,298	80,054	39,484	56,089
Reserves and Reserve Funds	9,913	9,881	7,684	5,765	4,999
TOTAL REVENUE	986,819	945,873	893,662	770,002	729,130
Analysis of Expenditures					
Current Operations	758,162	726,342	701,777	608,603	564,511
Capital Operations	117,989	170,886	197,123	188,481	153,443
TOTAL EXPENDITURES	876,151	897,228	898,900	797,084	717,954
NET REVENUES (EXPENDITURES)	110,668	48,645	(5,238)	(27,082)	11,176
Financing Activities and Transfers					
Debt principal repayments	(14,454)	(13,708)	(12,649)	(10,053)	(7,604)
Increase in unfunded employee benefits and post-employment liabilities	4,737	5,599	15,463	5,369	4,454
(Decrease)/Increase in landfill closure and post closure liability	(1,224)	772	1,028	4,691	102
Proceeds from debentures	-	-	14,650	40,000	71,622
NET FINANCING ACTIVITIES AND TRANSFERS	(10,941)	(7,337)	18,492	40,007	68,574
CHANGE IN FUND BALANCE	99,727	41,308	13,254	12,925	79,750
FUND BALANCE, BEGINNING OF YEAR	574,931	533,623	520,369	507,444	427,694
FUND BALANCE, END OF YEAR	674,658	574,931	533,623	520,369	507,444

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Statistical Review (Unaudited)

Year ended 2004-2008
(in thousands of dollars)

	2008	2007	2006	2005	2004
	$	$	$	$	$
OBLIGATIONS					
Debt Incurred					
Total debenture debt	353,583	365,931	372,697	351,228	297,809
Debt assumed for others*	(168,239)	(166,133)	(159,191)	(139,723)	(116,251)
Net regional debt	185,344	199,798	213,506	211,505	181,558
Recovered from:					
Tax levy/user rates	150,245	159,794	168,854	165,442	145,304
Other/Reserve Funds	35,099	40,004	44,652	46,063	36,254
	185,344	199,798	213,506	211,505	181,558
Net regional debt per capita ($)	306	335	366	369	324
Net regional debt percentage of total expenditures (%)	21.2	22.3	23.8	26.5	25.3
Debt Servicing					
Debt servicing payments	25,388	25,413	24,709	22,305	16,528
Debt servicing as percentage of operating expenditures (%)	3.3	3.5	3.5	3.7	2.9
Annual debt repayment limit	131,643	122,381	107,334	103,250	94,529
TAXABLE ASSESSMENT (in millions)**					
Residential and farm (including multiple residentials)	47,379	46,464	45,011	38,959	37,589
Industrial and commercial	6,290	6,142	5,954	5,191	5,016
Farmland	1,060	1,054	1,063	978	984
Other	181	176	176	199	194
Total	54,910	53,836	52,204	45,327	43,783
Assessment analysis					
Annual tax assessment growth rate (%)	1.9	2.6	3.0	3.4	3.1

* School boards and local municipalities.

** Current value assessment includes provincially mandated reassessments for 2004 and 2006.

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Statistical Review (Unaudited)

Year ended 2004-2008
(in thousands of dollars)

	2008	2007	2006	2005	2004
Miscellaneous Information					
Full time employees	4,350	4,200	4,022	3,767	3,724
Building permit values ($ millions)**	1,293	1,425	1,548	1,558	1,305
Average monthly social assistance case load	6,408	6,355	6,568	6,010	5,753
Kilometres of roads	2,148	2,144	2,119	2,115	2,111
Annual supply of treated waste water (megalitres)	81,428	75,855	77,749	75,604	75,593
Annual supply of treated drinking water (megalitres)	68,338	73,322	72,534	78,012	74,772
Annual disposal of residential solid waste (metric tonnes)	116,464	116,285	133,896	148,709	149,424
Annual diversion of residential solid waste (metric tonnes)	119,200	116,671	105,767	83,317	78,873
Regular service passenger Transit trips (000's) *	8,497	7,616	6,942	n/a	n/a
Tax collection rate**	95.6	95.5	96.0	96.0	95.8
Benchmark Information	$	$	$	$	$
Operating costs for police services per capita	219	208	203	191	179
Operating costs for paved (hard top) roads per paved lane kilometre	1,885	1,607	1,657	1,615	1,458
Operating costs for winter maintenance of roadways per lane kilometre maintained in winter	5,295	4,103	3,067	4,275	3,436
Operating costs for collection, treatment and disposal of wastewater per megalitre	439	443	414	368	370
Operating costs for treatment and distribution of drinking water per megalitre	557	520	476	415	411
Operating costs for solid waste disposal per tonne	118	113	109	101	89
Operating costs for solid waste diversion (recycling) per tonne	117	134	117	92	85
Demographics* **					
Population	605,730	596,660	583,800	572,855	559,870
Households	203,925	199,890	194,670	190,115	185,020

* Transit was transferred to the Region from the local area municipalities on January 1, 2006.
** Lower-tier municipalities are responsible for collecting taxes and issuing building permits.
*** Population and Household figures as per the most recent estimates (November 2008) of the Planning Department as at May 31st of each year (Planning Committee Report 2008-P-89).

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Statistical Review (Unaudited)

Years ended 2004-2008

Principal Corporate Taxpayers:

General Motors of Canada Ltd.
Ontario Power Generation
Loblaws Properties Limited
St. Marys Cement Inc. (Canada)
Enbridge Gas Distribution
Gerdau-AmeriSteel Corp.
Johnson Controls
Hydro One Networks Inc.
Atlantic Packaging Products
Sobeys Capital Incorporated

Data sources for the 5-year review are as follows:
Financial Reports and Financial Information Returns of the Regional Municipality of Durham, Statistics Canada and the Durham Region Planning and Economic Development and Tourism departments.

The Regional Municipality of Durham
605 Rossland Road East, Whitby, Ontario, Canada L1N 6A3

Telephone: 905-668-7711 Toll free: 1-800-372-1102 Facsimile: 905-668-9487
Email: info@durham.ca Website: www.durham.ca